Daily Report

Latin America

FBIS-LAT-95-236
Friday
8 December 1995

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report
Latin America

FBIS-LAT-95-236 *8 December 1995*

CONTENTS

INTER-AMERICAN AFFAIRS

Further Reportage on Mercosur Summit in Uruguay 1
Mercosur, Chile Postpone Trade Talks *[TELAM]* 1
No 'Basic Agreement' With Chile *[NOTICIAS ARGENTINAS]* 1
Mercosur Presidents Issue Declaration *[Madrid EFE]* 2
'Mercosur 2000' Program Signed *[TELAM]* 3
Chilean Minister: 'Substantial Progress' *[Madrid EFE]* 4
Menem, Cardoso Confirm Auto Accord *[TELAM]* 5
Presidents Hold News Conference *[TELAM]* 5
Talks With Chile, Bolivia Disclosed *[TELAM]* 7
Brazil's Cardoso: Quota Unchanged *[AGENCIA ESTADO]* 7
Brazil, Paraguay To Resume Border Trade *[Asuncion Radio]* 8
Mercosur Doctors' Meeting Ends *[Madrid EFE]* 8
ALADI Council of Ministers Meets in Montevideo *[Madrid EFE]* 9

CARIBBEAN

Cuba

Further Reportage on Castro's Visit to China 10
Arrives in Guangzhou *[Havana Radio]* 10
To Visit Hanoi *[PRENSA LATINA]* 10
Visits Guangdong Province *[Havana Radio]* 10
Havana, Beijing Reaffirm Socialist Development Aim *[PRENSA LATINA]* 11
Fidel Castro Notes Importance of Relations With China *[PRENSA LATINA]* 12
Chinese Press Highlights Castro, Zemin Visit to Shezhen *[PRENSA LATINA]* 13
Foreign Ministry: Castro's China Visit 'Historical' *[Havana Radio]* 13
GRANMA Cited on Special Economic Zone in Shenzhen *[Havana Radio]* 13
Fidel Castro Congratulates Lobster Fishermen *[Havana Radio]* 14
Radio Havana Takes Pride in Having Helped Vietnam in War *[Havana Radio]* 14
Army General Castro Presides Over FEEM Congress *[Havana Radio]* 15
Palestinian Prime Minister Meets With Balaguer *[PRENSA LATINA]* 15
Expert on Electromagnetic Lock To Prevent Sugar Theft *[Havana Radio]* 15
Officials on Low Sugarcane Yield, Efficiency, Management *[Havana TV]* 16
Factory Uses Chinese Technology, Produces 5,000 Bicycles *[Havana TV]* 16
Lage Conveys Fidel Castro's Message to Students *[Havana Radio]* 17
Commentary on Ethics of Socialism, Capitalism *[Havana Radio]* 17
Correction to Unionization of Self-Employed Discussed *[Havana Radio]* 18

Haiti

Aristide Signs Order To Dissolve Interim Police Force *[Port-au-Prince Radio]* 18

MEXICO

SRE Views Criticism of U.S. Administration's Policy *[EL FINANCIERO 6 Dec]* 19
Zedillo Proposes Autonomous Attorney General's Office *[Mexico City TV]* 20
President Agrees To Refinancing Board for Overdue Loans *[EL FINANCIERO 4 Dec]* 20

Swiss Official Reports on Raul Salinas' Bank Accounts *[NOTIMEX]* 21

CENTRAL AMERICA

Guatemala

President Orders Army To Back Security Forces *[Guatemala City TV]* 22
President Discusses Problems With Crime, Violence *[Guatemala TV]* 22
President Confirms Suspect in Cardenas' Murder Captured *[NOTIMEX]* 23

Panama

Union Leader: 500 Base Workers To Be 'Dismissed' *[ACAN]* 23

SOUTH AMERICA

Brazil

Nation Reacts to U.S. Blocking of Diplomats' Accounts *[O GLOBO 7 Dec]* 25
Senate Committee Approves Patent Bill Report *[AGENCIA ESTADO]* 25
Bank Allegedly 'Financed' Political Campaigns *[Brasilia Radio]* 25
Cuba's Lezcano Invites Companies To Invest in Cuba *[AGENCIA ESTADO]* 26
Brazilian Peacekeepers Besieged in Angola *[AGENCIA ESTADO]* 26
Siege Lasted 5 Days *[Rio de Janeiro TV]* 27
Reportage Related to Amazon Region Surveillance System 27
ESCA Engineers Involved in Modernizing Frigates *[AGENCIA ESTADO]* 27
Cardoso Decision Gives Congress 'Free Hand' *[Brasilia Radio]* 28
Senate Legal Advisers Deem Sivan Contract Legal *[AGENCIA ESTADO]* 28
New Aeronautics Chief of Staff Testifies *[AGENCIA ESTADO]* 28
Poll Reveals Senators' Opinions on Sivam *[AGENCIA ESTADO]* 28
Allies: Cardoso Image 'Stained' Due to Sivam *[FOLHA DE SAO PAULO 5 Dec]* 29
Roundup of Economic Reports Through 7 Dec *[GAZETA MERCANTIL 4 Dec, etc.]* 30

Chile

Bomb Explodes Outside PDC Headquarters in Rancagua *[El MERCURIO 7 Dec]* 31
Senate Committee Approves Human Rights Bill *[EL MERCURIO 6 Dec]* 32
Cuban Ambassador Expects Increasing Investment *[EL MERCURIO 2 Feb]* 32

Colombia

President Refrains Comment on Investigation *[Santa Fe de Bogota TV]* 32
'Exclusive' Samper Statements to Mogollon Revealed *[Santa Fe de Bogota TV]* 33
Accusations Committee Waits for Pallomari's Evidence *[Madrid EFE]* 33
Samper's Lawyer Remarks on Report to Committee *[Santa Fe de Bogota Radio]* 34

Ecuador

Government Unsure of Peace Before May Elections *[Madrid EFE]* 36
Minister: Monetary Officials To Keep Economic Program *[Quito Radio]* 37
Superintendency Intervenes in Finance Companies *[Quito Radio]* 37
Moncayo Clarifies Statements Made at Conference *[EL TELEGRAFO 17 Nov]* 37
Oil Pipeline Expansion Plan Cancelled *[EL COMERCIO 17 Nov]* 38
Telecommunications Privatization Paralyzed *[EL COMERCIO 9 Nov]* 39

Peru

Elections Hailed as 'Affirmation of Democracy' *[Media Note]* 40
Daily Views Possible Executive Branch Reorganization *[EXPRESO 28 Nov]* 42

Uruguay

Japanese Entrepreneurs Note Investment Possibilities *[Madrid EFE]* 42
Mexican Foreign Secretary Begins Visit *[Madrid EFE]* 43

Further Reportage on Mercosur Summit in Uruguay

Mercosur, Chile Postpone Trade Talks

PY0712164895 Buenos Aires TELAM in Spanish 2359 GMT 6 Dec 95

[Report by special correspondent Daniel Vecchiarelli]

[FBIS Translated Text] Punta del Este, Uruguay, 6 Dec (TELAM) — It has been officially reported that the foreign ministers of the four Mercosur [Common Market of the South] countries and Chile today agreed to postpone for 90 days the agreement pertaining to the free trade zone.

As soon as they arrived in Punta del Este, Chilean Foreign Minister Miguel Insulza, Argentine Foreign Minister Guido Di Tella, Uruguayan Foreign Minister Alvaro Ramos, Brazilian Foreign Minister Luis Lampreia, and Paraguayan Foreign Minister Luis Ramirez Boettner immediately began to evaluate the difference that are blocking the integration of a free trade zone.

They all agreed on the need for resolving differences and that an agreement must be reached within a 90-day period, and the president on 7 December will sign an agreement to endorse this position.

The political will of the governments thus overcame certain disagreements that emerged during this morning's negotiations and during the past few days.

At the end of the meeting, the foreign ministers — who were visited briefly by Argentine Economy Minister Domingo Cavallo, who did not speak with the media — agreed that the substantial differences pertain to the list of exceptions.

Notwithstanding, they did highlight the important advances that have been made in trade regulations, free zones, and the maximum period of 15 years to eliminate the exceptions.

During this 90-day period Chile must answer a proposal that Mercosur has made, and Chile's bilateral agreements with the members of the Customs Union will be extended.

Within the sphere of the summit of the foreign ministers it was also reported this morning that the text of the project called "Mercosur 2000" will be made known. This project defines the topics that have to be resolved within the next five years, with services in general and the financial services in particular being the main goal.

It must be recalled that for the next summit, which will be held in Buenos Aires, Argentine President Carlos Menem will be Mercosur's pro tempore president, and the Common Market Group will be in the hands of Foreign Minister Guido Di Tella.

Finally, the Argentine and Uruguayan foreign minister have signed an agreement for the creation of a border committee between Bella Union, Uruguay, and Monte Caseros, Argentina, and a committee reconcile the Uruguay River Statute with the Paraguay-Parana River Highway Statute.

No 'Basic Agreement' With Chile

PY0712212195 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1619 GMT 7 Dec 95

[FBIS Translated Text] Punta del Este, 7 Dec (AFP-NA) — The presidents of Mercosur [Common Market of the South] member countries today stated their willingness to shore up the internal mechanisms of the bloc, and set forth the guidelines for this customs union through the end of this century.

Argentine President Carlos Menem, Brazilian President Fernando Henrique Cardoso, Paraguayan President Juan Carlos Wasmosy, and Uruguayan President Julio Maria Sanguinetti signed a joint document called "Mercosur 2000," which sets forth new parameters.

The signing of this agreement marked the end of the Ninth Mercosur Summit meeting, which took place at Punta del Este, an Uruguayan sea resort 140 km east of Montevideo. The meeting lasted two days.

The presidents said that the progress achieved at the meeting was "positive" and urged their respective negotiators to keep talking with Chile, after the failure to reach an agreement with that country within the established timetable.

The original agenda of the presidential meeting included the signing of a "four-plus-one" agreement with Chile through which the parties involved would have committed themselves to establishing a free trade zone within 10 years. Chilean President Eduardo Frei's visit to Punta del Este had also been mentioned.

The experts, however, did not reach a basic agreement on the terms required for this approach. Thus the "four-plus-one" agreement was not signed and President Frei's trip did not materialize.

The presidents were worried by this situation to the point that President Sanguinetti remarked — at a confidential meeting to which AFP had indirect access — that "the impression should be given that progress has been made, and that this is not a complete failure."

The Uruguayan president told his counterparts that an effort should be made to stress the last-minute progress

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

on technical issues, and "the fact that we are moving closer to an agreement with Chile."

Sanguinetti emphasized that the talks "have not failed," but he admitted that "there is no easy solution (because) we have some difficulties," particularly concerning tax exemptions for agricultural products.

The failure with Chile, however, was offset by a "total understanding" with Bolivia, which has thus become the first country to sign a "four-plus-one" agreement with the Mercosur. This agreement paves the way for total trade freedom between the two parties.

Bolivian Vice President Victor Hugo Cardenas and Bolivian Foreign Minister Antonio Aranibar Quiroga, arrived in Punta del Este to sign the historic agreement with the Argentine, Brazilian, Paraguayan, and Uruguayan presidents.

Uruguayan Foreign Minister Alvaro Ramos commented on the "Mercosur 2000" document in which the presidents summarized the strategy for the future. He said: "Although it is just an overview of the situation, it implies the final shoring up of the customs union."

In his statement to the presidents, Ramos added: "This document deals not only with commercial aspects, but also with the environment, labor relations, social security, and other subjects which the governments of the member countries will have to tackle jointly."

He said: "Integration is based on two concepts: gradual progress and flexibility," and urged the heads of state to instruct their negotiators to seek further progress keeping these premises in mind.

"This document does not set forth specific commitments; rather, it outlines the main guidelines to be followed in the quest for further progress" toward the shoring up of the customs union, Ramos stated.

Mercosur Presidents Issue Declaration

PY0712220995 Madrid EFE in Spanish
1854 GMT 7 Dec 95

[FBIS Translated Text] Punta del Este, Uruguay, 7 Dec (EFE) — Mercosur [Common Market of the South] presidents signed today a joint declaration in which they expressed their satisfaction at seeing that the customs union has already been operating for a year, and underscored the positive evolution of intraregional trade.

In bringing the summit meeting to a close, the presidents of Argentina, Brazil, Paraguay, and Uruguay were of one mind about the fact that "macroeconomic balance is the driving force behind" trade development.

The four heads of state also stressed that economic policy measures to be adopted by the four partners and which pertain to the business cycle must be "compatible with the instruments governing trade between them."

In the joint declaration, the Mercosur presidents assessed the future of the integration process, voiced satisfaction over the approval of the action plan for "Mercosur 2000" and underlined "the multidimensional aspect of the integration process and, in particular, of its social and cultural aspects."

The four heads of state — Carlos Menem from Argentina, Fernando Henrique Cardoso from Brazil, Juan Carlos Wasmosy from Paraguay, and Julio Maria Sanguinetti from Uruguay — also analyzed in the document the organizational and institutional functioning of Mercosur.

In addition, they highlighted the fact that the Ouro Preto Protocol — which grants full legal standing to Mercosur and establishes a new institutional structure for this integration endeavor, among other things — will soon come into force.

The presidents, moreover, emphasized the importance of the establishment of the Economic and Social Advisory Forum [Foro Consultive Economico y Social], acknowledging that it will contribute to promoting greater participation by the public in the regional integration process.

Following the deliberations of the summit meeting, the four heads of state met with the representatives of the Mercosur Joint Parliamentary Committee, to whom they reiterated the importance of the task undertaken by their committee in order to achieve the objectives set forth in the Treaty of Asuncion, which established Mercosur in 1991.

Taking stock of the summit, the four Mercosur presidents hailed the signing of the Economic Complementation Agreement between Bolivia and Mercosur, under which current bilateral preferences become multilateral ones, as a first step prior to the signing of a free trade agreement next year.

Furthermore, Menem, Cardoso, Wasmosy, and Sanguinetti underscored the progress made in negotiations with Chile, which got bogged down last week and, therefore, stymied the possibility of signing an agreement today, as was slated.

The joint declaration further states that there is common ground between both sides that will make possible the signing of an agreement by March 1996.

Special mention should be made of the successful culmination of negotiations between Mercosur and the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

EU, which the presidents celebrated by noting that the signing of the Framework Agreement on Interregional Cooperation will take place on 15 December in Madrid.

The Mercosur heads of state termed the agreement with the EU "a momentous step in the strengthening of relations between the EU and Mercosur and in the incorporation of the latter into international affairs."

The joint declaration concludes by mentioning the "increasingly greater coordination pursued in all forums of negotiations for the establishment of the Free Trade Area of the Americas by means of the convergence of all regional integration agreements currently in force.

'Mercosur 2000' Program Signed

PY0712224495 Buenos Aires TELAM in Spanish 1909 GMT 7 Dec 95

[Report by correspondent Daniel Vecchiarelli]

[FBIS Translated Text] Punta del Este, 7 Dec (TELAM) — The "Mercosur [Common Market of the South] 2000" program signed today by the presidents of Argentina, Brazil, Paraguay, and Uruguay stresses that the main objective for the year 2000 will be strengthening of economic integration.

The path to attain this will be the consolidation and improvement of customs unity, which is still imperfect, and the regional and international insertion of the Mercosur.

The 17-page document states that the permanent and most urgent goal is the consolidation of free trade and of the conditions of competitiveness within the Mercosur through compliance with a timetable to lift tariff restrictions and to eliminate and harmonize the non-tariff measures and restrictions.

For this purpose, it is understood that it is necessary to harmonize the technical rules and norms and the sanitary and phytosanitary regulations, defend competitiveness, and defend the consumers.

It proposes to improve the common trade policy with the implementation of already agreed upon instruments like the common external tariff and the Mercosur customs code.

The document adds the common intention to conclude preparing the application norms of the code, the need to attain integrated controls on the borders and to speed up paper procedures, and to make progress in the interconnection of the computerized systems of the national customs administrations of the member countries.

As new common instruments of trade policy, the document quotes a rule against unfair trade practices; another rule on safeguards; and the analysis of trade policies for the car industry — in which Argentina and Brazil have reached an agreement — the sugar industry, and if possible, the textile industry.

The second chapter of the document is about strengthening the integration process, and it discusses each sector in particular. Regarding agriculture, the document establishes the commitment to create the conditions to increase production in the region, ensuring the free traffic of products and boosting their international insertion.

As for the industries, the objective is to create an atmosphere favorable for the restructuring and improvement of competitiveness of all the industries of the region.

As for mining, opportunities for technological exchange and cooperation will be identified so as to promote the development of regional mining production.

The energy objectives for 2000 will be the optimization of the production and use of sources, the promotion of rational use, and production and use of renewable energy sources.

One of the main challenges of the objectives of the customs unity for the year 2000 will be to attain a framework agreement on Mercosur trade and services, in keeping with the relevant agreement of the World Trade Organization.

Regarding communications, the idea is to promote joint ventures for the areas of telecommunications and postal services, to combine new services and technologies, to create systems for the exchange of information, and to harmonize the rendering of services.

As to the area of transportation, there are plans of contributing to full development of inter-regional trade and for the insertion of Mercosur in the international scenario, because tourism will promote cultural and commercial exchange and generate jobs.

Regarding financial matters, the document states that there are plans to coordinate several different areas of the financial and insurance systems, the securities market, and the investment and exchange markets, while, in a second stage, the idea is to expand, in the medium and long term, access to financial markets.

Other topics analyzed in the document refer to fiscal matters that may result from the study of laws implemented since the Mercosur member countries' customs unity becomes consolidated. This study will seek to identify differences that might hinder the harmonization of the customs unity.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

As to Mercosur relations abroad, the document points out the importance of negotiating agreements with third countries, economic blocs, and international organizations.

In this regard, the document mentions the WTO, the Latin American Integration Association, and the EU. It also emphasizes the Mercosur member countries' active participation in hemispheric integration efforts, and relations with the United States and the NAFTA.

Finally, the document establishes as one of the Mercosur objectives the formulation of integration strategies regarding issues such as the environment, labor relations, employment and social security, culture, health, education, science and technology, intellectual property, cooperation among the various countries' police forces, and migration.

Chilean Minister: 'Substantial Progress'

PY0712224095 Madrid EFE in Spanish
1937 GMT 7 Dec 95

[FBIS Translated Text] Santiago, 7 Dec (EFE) — Chilean Foreign Minister Jose Miguel Insulza said today that the negotiations with the Mercosur [Common Market of the South] made substantial progress on some points. He made this comment after meeting with the foreign ministers of the Mercosur countries in Punta del Este, Uruguay, on 6 December.

In a quick trip to Uruguay, Minister Insulza met with Uruguayan President Julio Maria Sanguinetti and with the foreign ministers of the Mercosur countries (Argentina, Brazil, Paraguay, and Uruguay). The meeting served as a forum to resume the talks for a free trade agreement that were suspended last week.

Upon returning to Santiago, Insulza said that the special foreign ministerial meeting that was summoned to overcome the "impasse" served to make substantial progress on the list of exemptions and to define the long-standing trade agreements between Chile and the Mercosur countries.

He acknowledged, however, that although precise proposals on basic issues were made, a rapprochment on positions has not yet been reached.

Insulza indicated that substantial progress was made on physical integration, and that the negotiating teams will meet again in Montevideo on 18 December.

Insulza said there is absolutely no comparison between the agreement reached by Bolivia with the Mercosur and the agreement Chile is negotiating.

Insulza noted: "That agreement only takes into account the negotiation of the long-standing trade agreements, and Chile is negotiating far beyond that."

The list of exemptions and the timetable for reducing tariffs are the points on which the technical teams of Chile and the Mercosur have not agreed in the successive rounds of negotiations held since August in Montevideo.

The situation reached its critical point last week, when the talks were suspended and no date for their resumption was set. Therefore, the plans to have the agreement signed during the Mercosur presidential summit being held in Punta del Este failed.

Today, the Chilean Foreign Ministry released the communique of the foreign ministers of the Mercosur countries on the results of the special ministerial meeting.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The communique points out that the agreement for establishing a common free trade zone in 10 years foresees a broad liberation program that includes "the multilateralization of the current concessions" and the establishment of an initial 40 percent tariff reduction, which comprises approximately 90 percent of the tariff base.

The communique says that the ministers verified with satisfaction the progress made on the regulating aspects of the agreement, such as the norms of origin, customs appraisal, free zones, physical integration, and the future dismantling of the list of products exempted of the tariff reduction.

The communique adds that "with the purpose of ensuring the continuity of trade flow," the ministers also decided to extend the current bilateral agreements between the Mercosur states and Chile until 31 March 1996.

Menem, Cardoso Confirm Auto Accord

PY0712225795 Buenos Aires TELAM in Spanish 2033 GMT 7 Dec 95

[By special envoy Daniel Vecchiarelli]

[FBIS Translated Text] Punta del Este, Uruguay, 7 Dec (TELAM) — Argentine President Carlos Menem and his Brazilian counterpart Fernando Henrique Cardoso confirmed today that the automotive agreement reached by the two countries will be signed on 18 December in Buenos Aires.

The agreement will be implemented in two stages: From 1 January 1996 to 31 December 1998, the agreement will regulate the automotive exchange between Argentina and Brazil, and from 1 January 1999 it will be extended to Paraguay and Uruguay, and will therefore become the official Mercosur regulation for that sector.

Although this agreement was not signed by the presidents during the summit, the formal announcement of the agreement was made by Uruguayan President Julio Maria Sanguinetti during the news conference at the closure of the presidential summit.

In answer to a local reporter's question on the differences that existed with regard to the automotive issue, the Brazilian president pointed out the political will for an understanding "which cannot be stopped merely as a result of a localized process."

Immediately Argentine President Carlos Menem acknowledged that there are always frictions in any negotitations, and, with a smile, he asked the reporter: "Are there no frictions in your newspaper office?"

The automotive agreement was reached yesterday by the Argentine and Brazilian industry ministers, Carlos Magarinos and Dorothea Werneck respectively, who negotiated for long hours at the Las Dunas Hotel outside Punta del Este.

As reported by TELAM yesterday, the basic aspects of the agreement are the decision that the automobiles have 60 percent national or domestic components, the inclusion of the auto parts sector in the regulation, and the possibility that Argentina will complete the remaining balance of exports envisioned by the 1 for 1 compensatory regulation.

In this regard, Brazil must still buy Argentine automobiles for $1 billion because, until the end of 1994, the remaining balance was $1.35 billion, of which $350 million was neutralized by the greater Argentine sales this year.

Brazil also promised to annul the quotas on imports of Argentine automobiles, and this decision will facilitate the auto trade between the two countries.

Presidents Hold News Conference

PY0812002095 Buenos Aires TELAM in Spanish 2007 GMT 7 Dec 95

[Report by TELAM special correspondent Ariel Rudistein]

[FBIS Translated Excerpt] Punta del Este, 7 Dec (TELAM) — Following the closing ceremony of the Ninth Meeting of Mercosur [Common Market of the South] Heads of State, the presidents of Argentina, Brazil, Paraguay, and Uruguay today underscored the importance of the signing of an Economic Complementation Agreement between Mercosur and Bolivia and the progress made in negotiations with regard to Chile's incorporation into this regional integration endeavor. [passage omitted]

Argentine President Carlos Menem, Uruguayan President Julio Maria Sanguinetti, Paraguayan President Juan Carlos Wasmosy, Brazilian President Fernando Henrique Cardoso, and Bolivian Vice President Victor Hugo Cardenas called a joint news conference after the summit meeting ended.

During the news conference, Menem stressed that negotiations with Chile were making headway and that the signing of an Economic Complementation Agreement with Bolivia was "a first step toward the signing of a free trade agreement next year."

The Argentine head of state pointed out that Mercosur member countries had "extremely high expectations"

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

with regard to the signing of a framework agreement with the EU.

"The rules of the game have already been laid down so as to enable the creation of a free trade zone between the EU and Mercosur," added Menem during the news conference, which was held at the "Las Dunas" tourist complex, located 15 km from Punta del Este.

The Argentine president recalled the agreement signed at the Miami Summit last year, under which the representatives of the countries attending the meeting pledged to promote the establishment of "a free trade zone from Alaska to Tierra del Fuego."

Menem spoke in favor of establishing a regional bloc encompassing or covering current integration agreements like NAFTA, Mercosur, and the Andean Pact, among others, "so as to make significant strides toward the creation of a free trade zone of the Americas."

The Argentine chief executive underlined the importance of the establishment of a trade bloc between the EU and Mercosur, since "it represents a potential market of more than 500 or 600 million inhabitants or consumers."

Sanguinetti, for his part, declared that "one of the objectives of the agreement to be signed with the EU is the mutual liberalization of trade between both blocs."

The Uruguayan president also emphasized "the progress made in the dialogue with Chile to create a free trade zone" between Mercosur and Chile.

While conceding that "there are still differences" between both sides over agricultural issues, Sanguinetti underlined the fact that during the Ninth Mercosur Meeting, they "reached an agreement that forms the basis for further negotiations."

In addition, the Brazilian head of state emphasized "the strong political will" evinced by Mercosur member countries, which minimizes difficulties arising in terms of "some sectorial problems," thus alluding to differences over car imports.

Cardoso stressed: "There is no risk whatsoever that a sectorial problem will disrupt the process of integration within Mercosur."

The Brazilian chief executive asserted that "there are no obstacles that cannot be surmounted," and recalled that "Brazil and Argentina could easily settle their differences over car imports."

Menem also commented on this subject, saying that "the horizon has been lightened until the year 1999." He went on to say that "one has to tolerate some type of disagreement in formal aspects," but "agreement has already been reached in substantive matters."

Wasmosy, for his part, underlined that a solution had to be found to the problem of "smuggling across the border between Paraguay and Brazil," adding that illegal trade in this area could be prevented by harmonizing tariff criteria.

Following the news conference, Menem and Cardoso hastened to the airport of Punta del Este to return to their own countries. [passage omitted]

[Buenos Aires NOTICIAS ARGENTINAS in Spanish at 1954 GMT on 7 December adds: "Brazilian President Fernando Henrique Cardoso underscored today the smoothness with which Mercosur is progressing towards its consolidation and played down the differences that, at a given time, pit the four member countries against one another.

["Cardoso made these remarks during a news conference called by the four Mercosur presidents after the conclusion of the Ninth Mercosur Summit Meeting, held in Punta del Este, 140 km due east of the capital of Uruguay.

["In reply to a question about whether the incidence of some conflicts over trade matters between member countries could affect their integration process, the Brazilian head of state said: 'Here we are building a road to get to heaven by bypassing hell.'

["Cardoso nonetheless acknowledged that 'it is true that there are indeed difficulties,' which he labeled as 'normal' in negotiations of such dimensions as the ones Mercosur partners are conducting. Still, he ruled out any possibility that such difficulties could act as a brake on progress in the consolidation of this integration endeavor.

["The Brazilian head of state further stated: 'A simple meeting between us, the presidents, is enough to overcome any stumbling block to our aspiration of consolidating this common market' in the Southern Cone.

["Cardoso then invited the reporters and diplomats present at the meeting to ponder on 'the brisk and vertiginous pace' with which Argentina, Brazil, Paraguay, and Uruguay managed to establish a customs union 'in only four years.'

["Cardoso added: 'We have a positive attitude and believe that with Mercosur, we are going to get to the heaven of integration.'"]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Talks With Chile, Bolivia Disclosed

PY0812003895 Buenos Aires TELAM in Spanish 2105 GMT 7 Dec 95

[By especial envoy Daniel Vecchiarelli]

[FBIS Translated Text] Punta del Este, Uruguay, 7 Dec (EFE) — The integration of a free trade zone with Bolivia before 30 June 1996 and the extension of the bilateral agreements with Chile until 31 March 1996 were the basic documents signed by the presidents of the Mercosur [Common Market of the South] countries in the "Mercosur 2000" program after the summit that closed today.

In order to ensure the flow of trade, it was decided to extend the current bilateral agreements between the Mercosur and Chile until 31 March 1996, when the presidents hope to reach an agreement to establish a free trade zone with Chile.

The document signed with Bolivia reiterates "the will to sign an agreement to establish a free trade zone during 1996, before 30 June if possible."

The document also says that the first stage of this agreement comprises "the multilateralization of the preferences contained in the long-standing trade agreements of the current bilateral accords."

The document "praises the first agreement reached by the Mercosur, as a custom union, with a country that is member of the ALADI [Latin American Integration Association], within the four-plus-one format framework.

Regarding relations with Chile, the document says that the presidents "assessed the state of the negotiations for the signing of an Economic Complementation Agreement to establish a free trade zone, which will be perfected within 10 years."

The agreement foresees the future multilateralization of the current concessions and the establishment of an initial tariff reduction of 40 percent, which will cover almost 90 percent of the tariff base.

The document also says that "the ministers learned about the proposals exchanged by the negotiators on the list of exemptions and sensible products as well as the offers for improving access roads."

Regarding the progress made in the negotiations, the main issues are norms of origin, temporary admission, custom appraisal, free zones, physical integration, services, and the future dismantling of exemptions.

According to the document, the ministers instructed their aides with regard to the need to continue the talks, and decided to continue the negotiations on 18 December, with the idea of concluding the talks as soon as possible.

A last-minute announcement was made by Brazilian President Fernando Henrique Cardoso, who said he received a fax concerning an agreement for the construction of a bridge between Santo Tome and San Borja, based on a private project that will be signed on 12 December in Porto Alegre.

The final meeting of the foreign ministers was held to discuss concrete issues of the free zones. There are some differences on this issue between Argentina and Brazil, but they could be overcome in new meetings in about 15 days.

The basic disagreement is that Brazil, for the first time at this level, expressed interest in the position that the imports from free zones pay tariffs as if they were from third countries, and this is a stance opposed by Argentina.

Brazil's Cardoso: Quota Unchanged

PY0812023895 Sao Paulo AGENCIA ESTADO in Portuguese 2241 GMT 7 Dec 95

[Report by Aldo Renato Soares]

[FBIS Translated Excerpt] Punta del Este, 7 Dec (AE) — Brazil will not go back on its decision to reduce, from $250 to $150, the quota of purchases Brazilians are allowed to bring from abroad duty-free. Despite the reaction from Paraguayan authorities, President Fernando Henrique Cardoso asserted today that Brazil will not change the newly established quota. During a news conference jointly held with Paraguayan President Juan Carlos Wasmosy, Argentine President Carlos Menem, and Uruguayan President Julio Maria Sanguinetti, the Brazilian head of state said: "That measure is validated by Mercosur [Common Market of the South] agreements."

Mercosur agreements allow member countries to establish a minimum quota of $150 for the duty-free entry of purchases made in border areas. Businessmen from Ciudad del Este, situated across the border opposite Foz do Iguacu, proposed establishing a $250 quota, which would be effective until December 1996, and then reducing it to $200 in 1997, and to $150 in 1998. An atmosphere of tension reigned during yesterday's meeting between Brazilians and Paraguayans, which ended at 0400.

According to the Brazilian experts who participated in this meeting, the Paraguayan representatives went as far as threatening to refrain from signing any of the formal documents that are always signed at the closing

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

ceremonies of meetings by the Mercosur Council. [passage omitted]

Brazil, Paraguay To Resume Border Trade

PY0812025395 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 2250 GMT 7 Dec 95

[FBIS Translated Excerpt] The most important outcome of the Mercosur [Common Market of the South] presidential summit has to do with bilateral trade between Paraguay and Brazil. Andres Caballero will inform us about this.

[Begin Caballero recording] Differences with Brazil over cross-border trade following the Brazilian Government's decision to cut the quota of purchases each Brazilian tourist is allowed to bring through customs duty-free — which brought trade flows between Ciudad del Este and Foz do Iguacu to a grinding halt — have given rise to arduous negotiations here in Punta del Este, Uruguay. According to remarks made by Paraguayan Government officials and businessmen from Ciudad del Este who came to this summer resort, the result of these negotiations was most positive. These businessmen from Alto Parana came here to participate in negotiations with Brazilians with a view toward increasing the quota to $250 and reaching agreement to resume trade. [passage omitted]

Following several meetings between Brazilian and Paraguayan authorities, but without the participation of the businessmen in question, the foreign ministers signed an agreement on behalf of their countries. The agreement with Brazil provides for the legalization of cross-border trade and the implementation of clear and open control rules at border checks to contain smuggling.

President Juan Carlos Wasmosy explained his position on this issue during a news conference, after which he met with Alto Parana businessmen to discuss the subject. The latter voiced their satisfaction over the agreement signed with Brazil and declared that the central thing is to eliminate corruption at home. [passage omitted] [end recording]

Amid a pelting rain, President Wasmosy returned to Asuncion this afternoon, at about 1800. Contrary to what he is wont to do whenever he returns home from a trip abroad, the head of state made no remarks to the press.

Mercosur Doctors' Meeting Ends

PY0712210895 Madrid EFE in Spanish 1750 GMT 3 Dec 95

[FBIS Translated Text] Montevideo, 3 Dec (EFE) — The Fifth Mercosur [Common Market of the South] (Argentina, Brazil, Paraguay, and Uruguay) Doctors' Meeting, which ended in Montevideo today, made a request of the respective governments that they promote sanitary agreements to prevent international epidemics, "as viruses and bacterias do not require documents to cross borders."

The meeting was sponsored by the Medical Trade Union of Uruguay (SMU) and the Rural Medical Federation (Femi), and supported by the Ministry of Public Health (MSP) of Uruguay.

The meeting consisted of roundtables that discussed border health systems, career arrangements and specialties, transplants and assisted fertilization, and epidemiological policies, among other issues.

Sources pointed out to EFE that, during the two-day discussions, the participants also reviewed comparative laws, doctors' access to the labor market, and the population's access to medical services.

There are regions like the Uruguayan-Brazilian border in the Uruguayan cities of Artigas, Rivera, or Chuy that are adjacent to the Brazilian cities of Quarai, Santana do Livramento, and Chui where people cross the border many times every day, where the border involves a street or a bridge, and where the sanitary issue "must be taken as a whole."

The sources added: "In those regions, people actually are sanitarily treated on the Uruguayan side because Uruguay has better services. Nevertheless, joint measures in the sanitary, epidemiological, and vaccination areas must be implemented."

Tours, by doctors, of Argentina, Brazil, Paraguay, and Uruguay were also studied at the meeting. The respective governments were advised to control the levels of academic training and the methods for validating degrees.

The doctors also reviewed personal contributions for health services in their countries and the benefits received.

In Uruguay, about $900 per inhabitant is spent every year, whereas the infant mortality rate totals about 20 children per 1,000 inhabitants, the sources said. In many other countries in this region, this rate is significantly higher, but in Costa Rica and Cuba, with lower economic contributions, the infant mortality rate

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

totals 10 children per 1,000 inhabitants, and in Chile it totals 12 children per 1,000 inhabitants.

ALADI Council of Ministers Meets in Montevideo

PY0712145795 Madrid EFE in Spanish
2133 GMT 5 Dec 95

[FBIS Translated Text] Montevideo, 5 Dec (EFE) — Mexican Foreign Minister Jose Angel Gurria Trevino and Paraguayan Foreign Minister Luis Maria Ramirez Boettner today were elected as first vice president and second vice president, respectively, of the Ninth Latin American Integration Association (ALADI) Council of Ministers Meeting that is under way in Montevideo.

Uruguayan Foreign Minister Alvaro Ramos was elected by his counterparts as president for this meeting.

During this meeting, representatives from the 11 ALADI member countries are reviewing the ALADI prospects and the general secretariat's adjustment.

Diplomatic sources pointed out to EFE that the ALADI, which has just celebrated its 15th anniversary, represents a "useful mechanism" for supporting subregional integration processes, but it is necessary to reduce its bureaucracy, enhance its effectiveness, and increase its dynamics.

Brazilian Foreign Minister Luiz Felipe Lampreia, Mexican Foreign Minister Jose Angel Gurria Trevino, Paraguayan Foreign Minister Luis Maria Ramirez Boettner, and Uruguayan Foreign Minister Alvaro Ramos are participating in the Council of Ministers meeting.

ALADI sources emphasized that Argentine Foreign Minister Guido Di Tella, Bolivian Foreign Minister Antonio Aranibar Quiroga, and possibly another foreign minister could arrive on 6 December.

Colombia will be represented by its foreign trade minister, Daniel Mazuera Gomez, and the other countries will be represented by their ambassadors.

ALADI is made up of Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Cuba

Further Reportage on Castro's Visit to China

Arrives in Guangzhou

PA0712150695 Havana Radio Havana Cuba in Spanish 1300 GMT 7 Dec 95

[From the "Morning Information Review" newscast]

[FBIS Translated Text] After a two-hour road trip, the Cuban president arrived Thursday in Guangzhou, capital of Guangdong Province, the last leg of his official visit to the PRC.

The Cuban chief of state was received by Xie Fei, member of the Politburo of the Chinese Communist Party, and by Lu Zhonghe, vice governor of Guangdong Province.

Fidel Castro this morning left Shenzhen, one of China's five Special Economic Zones. On his way to Guangzhou, he visited an agricultural project in the town of (Donhuan).

In the afternoon, the Cuban statesman and his retinue will visit an exhibit on the achievements of Guangdong's reforms and opening to the exterior and a farmers market.

In the evening, the Cuban delegation will hold talks with provincial Communist Party and government leaders, who afterward will host a reception in their honor.

To Visit Hanoi

PA0712180795 Havana PRENSA LATINA in Spanish 1155 GMT 7 Dec 95

[FBIS Translated Text] Hanoi, 7 Dec (PL) — The Vietnamese Foreign Ministry confirmed today that President Fidel Castro will be arriving tomorrow in this capital city to begin his second official visit to Vietnam, this time a country unified and immersed in a vigorous process of reforms.

Foreign Ministry Spokesman (Ho The Lan) announced during a news conference that the Latin American president, who was first received here in 1973, would be greeted by the country's main political and government leaders shortly after his arrival.

Communist Party of Vietnam [CPV] Secretary General Do Muoi, President of the Republic Le Duc Anh, and Prime Minister Vo Van Kiet will also be present at the welcoming ceremony for the visiting statesman, the only one who will be granted the deference of being received at the presidential palace by the country's three main leaders.

Fidel Castro and his delegation will hold meetings with the previously mentioned Indo-chinese state leaders and will follow a schedule that includes visits to historical and economic development sites in the northern and southern provinces.

It will be the first time that the president of the Cuban Council of State and Ministers will be able to tour Ho Chi Minh City (formerly Saigon), as well as the nearby areas, which he was unable to do during his previous visit on account of the ongoing war and the division imposed on Vietnam at the end of the French colonial period in 1945.

The president was the only foreign leader to have visited this democratic republic of Vietnam at the height of the war against the United States and its allies in the region (1964-1975), traveling as far as the province of Quang Tri, south of the 17th Parallel.

The Foreign Ministry spokesperson also announced that the Cuban leader will meet with Han Van Kong, prime minister from 1955 to 1976, president of the Council of Minister from 1976 to 1986, and currently adviser to the CPV Central Committee.

Fidel Castro will be arriving in Hanoi from China, accompanied by Jose Luis Rodriguez, vice president of the Council of Ministers and head of the Ministry of Economy and Planning; Jose M. Miyar and Felipe Perez Roque, members of the Council of State; Isabel Allende, foreign relations vice minister; and Jose Luis Robaina, an official of the Cuban Communist Party Central Committee.

Likewise, Cuban Ambassador to Vietnam Tania Maceira will be joining the official delegation to the talks.

Visits Guangdong Province

PA0812034895 Havana Radio Havana Cuba in Spanish 0000 GMT 8 Dec 95

[Report by Frank Vidal; from the "Evening Information Review" newcast]

[FBIS Translated Text] President Fidel Castro continued his visit to the PRC touring today the southern province of Guangdong, where he visited farms and rural industries in the next to last day of his visit to the PRC.

The Cuban leader left Shenzhen, one of the five largest industrial centers of the country, for Guangzhou, capital of Guangdong, formerly Canton, where he will remain until tomorrow, 8 December, when he will travel to Hanoi for an official visit to Vietnam.

Castro's first activity took place on the road from Shenzhen. Some 50 km from Guangzhou, he stopped to

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

tour the rural industries of Dongguan, where he received detailed explanation by the authorities.

Dongguan is near Hong Kong, a British protectorate that will return to PRC sovereignty on 1 July 1997. In the past, the people abandoned the region in search of better living conditions. Now that situation has been reverted, according to Dongguan Mayor (Li Hing Wei) because of the development level attained in the area, which now provides jobs for up to one million people of different parts of the country.

The Cuban president became interested in learning about rural industry ownership. He was told that most of them were collectively owned, a definition that includes state and public ownership through companies of various kinds as well as private ownership, all of which is included in a single project.

During his conversation with Fidel Castro, Mayor (Li Hing Wei) said we now feel more certain about the socialist path because the ties between the people's government and the Communist Party are stronger and there is complete confidence in socialism.

Late in the afternoon the Cuban head of state visited an exhibit on the success of the economic reforms in Guangzhou. There he toured a museum housing the exhibit and he received detailed explanations from the authorities. The exhibit fundamentally contains photographs, details of factories, and certain industrial products of the area. Later on, Castro visited a public farmers market where he met with street vendors and saw the products being offered by the farmers who bring the merchandise there.

At night he held talks with provincial authorities and later on attended an official reception.

Havana, Beijing Reaffirm Socialist Development Aim

PA0712165395 Havana PRENSA LATINA in Spanish 1330 GMT 7 Dec 95

[By special correspondent Javier Rodriguez]

[FBIS Translated Text] Guangzhou, China, 7 Dec (PL) During Fidel Castro's visit, Cuba and China have reaffirmed their belief that a socialist development path is the most adequate one for the two countries.

An initial analysis of the results of the talks between the Cuban president and Chinese leaders notes that the two sides have acknowledged the importance of facing today's unipolar world by defending the socialist system.

During a meeting last night with Chinese President Jiang Zemin, the Cuban chief of state said that all the people who, like him, believe in socialism view what China is doing as a source of hope.

He noted that "in the next decades, the future of socialism will depend to a large extent on what China is able to achieve."

A Cuban delegation source confirmed to PRENSA LATINA that Fidel Castro has told his counterpart he will leave the country certain of China's success and will return to the Caribbean island full of hope and optimism about the future of the world's most populated nation.

The Cuban president's statements were prompted by the demonstrations of friendship and admiration the people expressed to the distinguished visitor during his tour of Beijing, Xisan, Shanghai, Shenzhen, and now Guangdong, the former Canton.

The Cuban president's visit to these cities elicited expressions of friendship among official circles and from the population and allowed him to witness the Chinese effort and its aim.

Jiang Zemin's decision to accompany the visitor during some of his latest work visits, something unusual in this country, was highly appreciated by the Cuban delegation.

Beyond the signing by the two countries of important agreements that will permit an increase in bilateral commerce, the visit that will end tomorrow has much political weight.

Fidel Castro not only had a personal encounter with history and with a centuries-old culture; he also had an encounter with economic and social policies imposed in China following the reforms.

Cuba, the only socialist country enduring a U.S. economic and commercial blockade, has repeatedly pointed to the need of resisting the effects of the siege, the Eastern Europe crisis, and the collapse of the Soviet Union.

China has expressed its will to maintain the socialist flame alive and to march, within the framework of its own characteristics, toward a successful development of its economy.

The two nations, engaged in a momentous process of reforms in line with the new international situation, have been able to strengthen their common political points of views and strategies.

This is one of the most important results of the Cuban president's 10-day visit to China. In a few hours he will arrive in Vietnam, another defender of the same trenches.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Fidel Castro Notes Importance of Relations With China

PA0812001095 Havana PRENSA LATINA in Spanish 1905 GMT 7 Dec 95

[Report by special envoy Javier Rodriguez: "Fidel Castro Notes Importance of Cuban-Chinese Relations"]

[FBIS Translated Text] Guangzhou, China, 7 Dec (PL) — President Fidel Castro said today that Cuban-Chinese relations are very important under the current circumstances, as well as in any other circumstance.

Less than 24 hours before his departure from Chinese territory to travel to Vietnam, Castro spoke to Cuban journalists covering his visit, which began nine days ago.

Fidel Castro said that China will be "the country of the future and the country of the 21st Century" if it continues at with its current pace. He also described China as "a giant that is standing up and fighting."

After noting that he leaves China greatly impressed with his visit, the Cuban leader said he has seen extraordinary works that represent huge deeds in favor of development.

He went on to praise the Chinese people's dedication to work, their hospitable nature, and their dedicated and disciplined character which allows them to perform important works in record time.

He also praised the work being carried out in some regions and said he was impressed by the city of Shenzhen, which was built in 15 years and has a population of millions and high-technology industries. Fidel Castro said that compared to Shenzhen, the Great Wall of China and the Pyramids of Egypt are trivial.

He also applauded the iron and steel industrial plant he visited in Shanghai as well as the special and very developed economic zone of Pudong, which forms part of Shanghai.

Fidel Castro said China has been able to secure this while struggling against huge obstacles thanks to its sustained growth.

He said this is what makes it possible for all the people of a country with a population of 1.214 billion to be able to have food, clothes, and a roof over their heads. He said: "This is perhaps one of the biggest challenges ever faced by a team of men."

Fidel Castro stated his appreciation for the excellent and very warm treatment he received from Jiang Zemin, and considered it exceptional.

In response to a question, Fidel Castro explained that China, based on objective situations, had no alternative but to face the problem of development.

He recalled that at the conclusion of the war, China had a population of approximately 500 million and today it is 2.5 times that large and will continue growing until it reaches a stable level.

China is facing a task of giants, but it is a giant that is struggling in a very difficult world and this is why the effort of many workers and cadres in the various regions of the country is admirable, Fidel Castro said.

He explained that in the process of reforms in which the two nations are engaged, some of the experiences are common to the two nations, others are similar, and others are different, depending on objective conditions.

China has 80 percent of its population in the countryside and we have 80 percent of our population in the cities and a high mechanization level which we cannot renounce, he said.

Castro explained the difference between the agricultural production of the two countries and said that China has an advantage over Cuba because it is not enduring a U.S. blockade that "burdens us greatly."

Fidel Castro said that without the blockade, things would be easier for Cuba and therefore some things are similar and others are different from the way they are in China.

There are different problems also. This huge country has many provinces and regions and it is convenient to secure cooperation among them and to see that the most modern ones help the ones that are behind, he said.

After saying that Cuba does not have this type of problem because it is a small country, he pointed to the huge task of the political and government leaders of a nation like China.

Fidel Castro reiterated the interest he had in knowing the Asian country and noted that his visit would also serve to pay the old debt acquired when Jiang Zemin visited Havana.

One last question had to do with Cuba's prospects for 1996, now at the end of 1995.

He affirmed: We will continue making progress and achieving goals more important than those of 1996 [year as received], and we have already had some small achievements.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Chinese Press Highlights Castro, Zemin Visit to Shezhen

PA0712192995 Havana PRENSA LATINA in Spanish 0450 GMT 7 Dec 95

[FBIS Translated Text] Beijing, 7 Dec (PL) — The leading Chinese newspapers emphasized today the recent meeting between President Fidel Castro and Chinese President Jiang Zemin in a visit they made together to the commercial centers in the southern Shenzhen Province.

The RENMIN RIBAO newspaper and its foreign edition include a photograph of the two leaders in a report of their visit to the Zhonghua Bicycle Factory.

The text, taken from a Xinhua Agency dispatch, also published in the Beijing DAILY. The GUANGMING, the ECONOMIC DAILY, and other newspapers, stress that in Shezhen, Jiang Zemin and Fidel Castro again talked in a friendly and fraternal atmosphere, defined by diplomatic sources as "outside of protocol."

The report says that the Cuban leader was pleased by this renewed meeting with Jiang Zemin in Shenzhen, an area which represents China's success in construction.

RENMIN RIBAO, official organ of the Communist party of China, said that Fidel Castro thanked Jiang Zemin, the government, and the people of China for their hospitality and expressed his sincere hopes for the continued success in the four areas of modernization.

The newspapers reports that Jiang Zemin expressed his satisfaction for being able to meet again with Fidel Castro on the day before Castro concludes his visit to China, and he referred to the number of talks between them and other Chinese leaders in which broad and mutually shared points of view were discussed.

Renmin Ribao adds that Fidel Castro's visit to Beijing, Xisan, Shanghai, and Shenzhen has fostered mutual comprehension and friendship, and was a complete success.

Other reports emphasize the visit of the two leaders to the Zhonghua Bicycle Factory and the Konka Electronic Corporation, companies which earned the praise of the illustrious visitor.

Likewise, they reflect the Cuban leader's afternoon visit to the Shekou Industrial Zone, Jingxiu Zhonghua [Beautiful China] Park, and the Forrest of Friendship, where Fidel Castro planted a Lonpai [Dragon Cypress Tree].

The CHINA DAILY, edited in English, published in the middle of its front page a photograph of the two leaders in the Zhonghua Bicycle factory and the report of the visit transmitted by the Xinhua Agency.

Foreign Ministry: Castro's China Visit 'Historical'

PA0812041895 Havana Radio Havana Cuba in Spanish 0000 GMT 8 Dec 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] The Foreign Relations Ministry has termed historical the visit by President Fidel Castro to China, where he fulfilled an rigorous schedule to know, in detail, the characteristics of the economic model undertaken by the Asian country. He has also met with top Chinese leaders.

Marianela Ferriol, alternate spokesperson for the Foreign Ministry, said here in Havana that the president has been able to discover, broadly and in detail, the accomplishments, development, and stability achieved by China in recent years.

Meanwhile, (Liengchen Lou), economic and commercial counselor of the Chinese Embassy in Cuba, has stated that Fidel Castro's visit to his country was anxiously awaited by everyone. He remarked this visit will contribute to strengthening the economic and political ties between the two countries. The Chinese diplomat paid a three-day visit to the eastern Cuban Province of Granma and praised the agricultural potential of Cuba. He later expressed that there are broad possibilities of mutual cooperation in this area.

GRANMA Cited on Special Economic Zone in Shenzhen

PA0812043195 Havana Radio Rebelde Network in Spanish 1800 GMT 6 Dec 95

[Commentary by Orlando Contreras; from the "National Radio News" newscast]

[FBIS Translated Text] I believe that those who have seen, read or heard the reports on Fidel's visit to the city of Shenzhen have been pleasantly surprised. They wanted to hear news about that first Chinese experience regarding the establishment of Special Economic Zones, but they were unaware of the extent of their economic and financial success.

In what 15 years ago was a village of peasants and fishermen with 30,000 inhabitants, there is today an industrial and financial city of nearly 3.5 million people, one of the five most important cities of that territorial and human colossus called China.

Exports total $18.3 billion, with an average annual growth of 60.6 percent. Sixty percent of what is produced in Shenzhen is exported.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

These figures, taken from the broad report published today by GRANMA on Fidel's visit, are truly amazing. It is not easy to try to analyze the reasons for such tremendous success from afar and without knowing about this experience first-hand. I believe that after stating the above, a balanced analysis must include the following elements: First, the fabulous potential of China, with 1.2 million people. It is the most populated country on the planet and it was able to undertake a profound social revolution, with multiplying effects in the education, health, science, and technology.

Shenzhen is located across from the British enclave of Hong Kong, which will revert to China in the future. Hong Kong is one of the most important industrial and financial centers of Asia and the world.

The leadership of the Communist Party of China courageously decided to build a mainland-Hong Kong with two purposes: Gain experience for when the British colonial enclave is returned to China and to bolster, with foreign investments and market laws, a rapid accumulation to benefit the entire Chinese nation and the future integration of its development poles. This is undoubtedly an extraordinary experience carried out with boldness in that geographical, political, and demographic setting of China.

Fidel Castro Congratulates Lobster Fishermen

PA0712233795 Havana Radio Rebelde Network in Spanish 1800 GMT 5 Dec 95

[From the "National Radio News" newscast]

[FBIS Translated Text] Commander in Chief Fidel Castro, and Army General Raul Castro sent a message of congratulations to lobster fishermen in Niquero, Granma Province. The message is in recognition for the efforts conducted this year which have resulted in outstanding production. Politburo member Jose Ramon Balaguer relayed the message to the fishermen in their working area and praised the continuous success of the workers, who last year were the best in the country. The lobster fishermen are working hard to reach the 850 metric tons mark.

Radio Havana Takes Pride in Having Helped Vietnam in War

PA0812012095 Havana Radio Havana Cuba in Spanish 0000 GMT 6 Dec 95

[Commentary by Norberto Hernandez Valdez; from the "Evening Information Review" newscast]

[FBIS Translated Text] At the conclusion of his visit to the PRC, President Fidel Castro will visit Vietnam. The people of Vietnam are among the dearest to the Cubans. This warmth ensued from the two nations' struggle for national and social liberation.

This friendship emerged with great force in the days of the war [words indistinct] the U.S. aggression during eight years of destruction and death, of forced division, and of an unfair war between a world power with nuclear weapons and sophisticated military resources, and an underdeveloped Asian country that was the victim of a colonial exploitation that pushed the country into misery and backwardness.

The Cuban people, also enduring a U.S. aggression, counterrevolutionary plots, and an ironclad blockade aimed at making us surrender out of hunger [words indistinct]. In Cuba, the people followed the Vietnam War as our own, keeping in touch with the Vietnamese fighters, who resisted and rejected the aggression from the world's largest power using even rudimentary weapons, with unquestionable and firm national unity, patriotism, and honor.

Cuba's solidarity with Vietnam was clearly and strongly expressed throughout the epic war. It is worth recalling that among the many demonstrations of solidarity and support for the Vietnamese people that took place in those years, this radio station played a relevant role: It served as liaison for Ho Chi Minh's fighters to steadily inform the U.S. people, who were acting against the ravaging war of aggression, about the true war situation.

Along with its military forces, the U.S. Government unleashed a worldwide propaganda to try to justify its aggression and give a distorted impression of what was happening in the Asian country.

The Vietnamese people, geographically and technologically far away from the U.S. people, needed to make known the situation and its points of view directly and openly.

This is why the Cuba Government placed at the disposal of the Vietnamese patriots, the international transmissions of Radio Havana Cuba directed at U.S. territory and the rest of the world.

The special program The Voice of Vietnam, was uninterruptedly aired for eight years, until the end of the war, in 1975. It was through this regular radio program that the truth about the military actions taking place against Vietnam was aired to the United States and these reports spoke of the planes that were downed, the Yankee pilots who were made prisoners, the atrocious crimes committed by U.S. troops against the Vietnamese people, and the true political and moral condition of the aggression troops, stunned by the heroic defense put forth by a patriotic people.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Our radio station is proud to have participated in Cuba's support of Vietnam, which was manifested to the sisterly Asian nation in many other forms.

President Fidel Castro, the commander in chief of a nation that is waging a heroic resistance against U.S. hostility, will be in Vietnam in a few days, as the best representative of the fraternal feelings of the Cuban fighters for the glorious people of Ho Chi Minh, who emerged triumphant from the ashes of a war in which they conquered the most sound people's victory of this century.

Army General Castro Presides Over FEEM Congress

PA0712233995 Havana Radio Rebelde Network in Spanish 1800 GMT 5 Dec 95

[From the "National Radio News" newscast]

[FBIS Translated Text] Presided by Army General Raul Castro, the Ninth Congress of the Federation of Secondary School Students [FEEM] began its plenary sessions at Havana's Convention Center. Raul Castro, vice president of the Councils of State and Ministers, dropped his usual military uniform this morning to wear civilian clothing and join the students in their most important gathering.

Today's debate began with discussions on farming polytechnic institutes. One of the first addresses called for assigning polytechnic school graduates who are recruited into military service to the Youth Labor Army [EJT] rather than others tasks unrelated to their training. Army General Raul Castro also addressed this issue:

[Begin Castro recording] We must make sure that it is understood that they should be assigned to the EJT. On many occasions we have called this army the pride of the Revolutionary Armed Forces, precisely because they are the ones who produce, in addition to fight, if it were necessary.

The delegates also addressed other problems.

[Unidentified speaker] We have talked about the recruitment process but we have not seen the rigor needed in this process. Yes, we are recruiting students but moved by a desire to meet a quota; we are not recruiting students that really meet the criteria to enter in our polytechnic institutes. We want students who truly love work, truly feel responsible for the land, and are capable of making it produce. We want recruitment, but we want to recruit students who truly meet the criteria. [end recording]

Other issues to be discussed next are study, sports, culture, technical and professional training, and patriotic-military education.

Palestinian Prime Minister Meets With Balaguer

PA0712150395 Havana PRENSA LATINA in Spanish 2039 GMT 6 Dec 95

[FBIS Translated Text] Havana, 6 Dec (PL) — Faruq Qaddumi, Palestinian second deputy prime minister, and Cuban political leader Jose Ramon Balaguer today discussed the peace process in the Middle East and the difficulties that the Israeli-Palestinian dispute is confronting.

The Palestinian second deputy prime minister expressed his conviction about a positive solution to the peace process, in spite of the difficulties that may come up following the recent assassination of Israeli Prime Minister Yitzhak Rabin.

The strategic unity of all domestic political forces and the world's solidarity will be decisive in the emergence of a truly independent Palestinian State, Qaddumi affirmed.

The head of Palestinian diplomacy expressed his recognition to the leadership of the revolution and to the Cuban people for the way in which they are resolving their current difficulties.

Balaguer, member of the Politburo of the Communist Party of Cuba in charge of international relations and ideology, thanked Qaddumi and highlighted the close relations that have always existed between Palestinians and Cubans.

On the last day of his Cuba visit, Qaddumi also met with Sergio Corrieri, president of the Cuban Friendship with the Peoples Institute, and visited the Finlay Institute, which is responsible for the production of vaccines.

The Palestinian second deputy prime minister, who arrived on the island last Saturday, was received last night at the Arab Union of Cuba, where he was presented with an edition of the volume of letters of Cuban national hero Jose Marti, copies of books on Arab issues, and other literary works.

Expert on Electromagnetic Lock To Prevent Sugar Theft

PA0712233895 Havana Radio Rebelde Network in Spanish 1255 GMT 6 Dec 95

[Interview with Alejandro Rosalena, Cuban mechanical engineer, by an unidentified reporter at the Martinez

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Prieto Agro-industrial Complex in Havana; date not given; from the "Doing Radio" program — recorded]

[FBIS Translated Text] [Unidentified reporter] I am at the Martinez Prieto Agro-industrial Complex in Havana. I am going to talk with one of the people responsible for an innovation which is going to be presented in the national-level forum, and is already having an impact nationwide. I am referring to Alejandro Rosalena, a mechanical engineer at this mill and a specialist in transportation vehicles. Good morning.

[Rosalena] Good morning.

[Reporter] Let us begin by discussing the nature of the innovation that is going to be presented at the forum.

[Rosalena] The project is an electromagnetic lock already installed in 2,000 train cars nationwide that prevents the theft of bulk sugar during transportation.

[Reporter] Why don't we discuss the root of the problem because usually an innovation responds to a problem that needed solving. What was the problem with transportation that inspired you to come up with this solution?

[Rosalena] This is a long-standing problem with transportation. The cars loaded with sugar were victim of theft. The sugar was stolen by antisocial individuals who would open the unloading doors and once those doors were opened, it was impossible to close them. Therefore, the national economy was harmed because every open door meant a loss of approximately 50 tons. Nationwide thousands of tons of sugar are lost every harvest and also during the thefts there have been several fatal accidents. This is why we worked to develop this system to put an end to this situation which was becoming a very serious problem nationwide because it was known that thousands of tons of sugar were lost but it was impossible to calculate how much was going to be lost in every harvest. This is why this system is extremely important during this harvest because we all are aware that this harvest is vital for the national economy and it is important that every grain of sugar produced makes it to the bulk terminal, and is exported so that it becomes hard currency which is the final goal.

[Reporter] When was this project first presented?

[Rosalena] This project was developed and presented in 1992, and its implementation continued into the 1994-95 harvest where it was tested at national level with outstanding results. We expect the system to be the most useful in this 1995-96 harvest.

[Reporter] Then, it has been implemented nationwide?

[Rosalena] Yes, it has been implemented in all the provinces that transport bulk sugar in train cars, and so far the system's acceptance has been massive given that the country could neither afford the loss of sugar nor continue to allow antisocial individuals to profit from the peoples resources.

[Reporter] Thank you very much.

Officials on Low Sugarcane Yield, Efficiency, Management

PA0812044995 Havana Tele Rebelde Network in Spanish 0100 GMT 2 Dec 95

[From the "NTV" newscast]

[FBIS Translated Text] A seminar for Agro-industrial Complex [CAI] deputy economic directors ended after two days of sessions in Havana, during which participants agreed that industrial and agricultural efficiency are not possible with low sugarcane yield. It was also stressed that the sugarcane industry must assess its shortcomings, measure costs, and improve accounting practices, which must not be considered as mere information.

Finance and Prices Minister Manuel Millares offered a conference on these issues. It was reported that 70 percent of cost reduction lies in the sugarcane grinding and its yield, and that even though prices must be evaluated, they will not solve the problems. It was also stressed that efficiency is a priority, right values must be reestablished, and people must not think of financing as a solution.

The conference was followed by debate, during which it was reiterated that the Sugar Ministry depends upon other industries, such as the fertilizers' industry, which raise costs because they add transportation and packing to products' prices.

CAI deputy economic directors also discussed the padded payroll issue. It was stressed that management must take the best advantage of the labor force, and losses must be evaluated to stop further burden of the state's budget with loans.

Factory Uses Chinese Technology, Produces 5,000 Bicycles

PA0712234695 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 7 Dec 95

[Report by Ori Fuentes from the "NTV" newscast]

[FBIS Translated Text] The modern bicycle factory being built based on Chinese technology in Villa Clara Province has produced during the trial period approximately 5,000 bicycles similar to those imported from the Asian country. Although only model No. 26

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

for men and women has been manufactured so far, the assembly line of model No. 28 for men is expected to go into production in the coming weeks to meet a larger demand.

A team of technicians and engineers from the PRC is providing advice on the construction of this factory, 92 percent of which has been completed:

[Begin unidentified speaker recording] We can say we have received excellent cooperation from the Cuban counterpart from the beginning up to today, and all comrades working here are satisfied with the attention and working behavior demonstrated by the Cuban staff.

We are far from our fatherland, China, and our relatives, but we feel as if we were still home. [end recording]

When the construction of this Chinese technology factory is finally concluded, approximately 150,000 bicycles, basically destined for the domestic market, will be manufactured here annually.

Lage Conveys Fidel Castro's Message to Students

PA0812023795 Havana Radio Rebelde Network in Spanish 2105 GMT 7 Dec 95

[Speech by Carlos Lage, vice president of the Cuban Council of State, at the closing ceremony of the Ninth Congress of the Federation of Secondary School Students at Havana's Convention Center; date not given — recorded]

[FBIS Translated Text] Comrades, we talked over the telephone with Comrade Fidel today. [cheers and applause] First of all, I can tell you that I heard his voice very well. You can hear very well when you talk to the PRC but you can hear better when you talk to Vedado. [laughter] The telephone connection was excellent. He had already received the message you approved yesterday afternoon, when I talked to him.

He asked me to convey to you his congratulations for the anniversary of the Federation of Secondary School Students [FEEM] and for the success of the congress. We told him about the congress and also sent him written reports on how it was developing, the debates of the first days, and the combative and revolutionary spirit that has been presiding over this congress, not since it started yesterday, but since its beginning in the classrooms.

He also requested that I tell you his impressions on his visit to the PRC, the importance of the schedule he is covering in that country, the interesting activities he has kept, the attentions he has received from Chinese authorities at all times. Also mentioned are the thoroughness of the exchanges that have been furthered, and President Jiang Zemin's kind gesture to travel to the city that Fidel was visiting to meet him again and accompany him in several of the visits he made in the PRC yesterday.

After expressing his satisfaction for the results of his trip to the PRC, Fidel also expressed his satisfaction because while he was doing his duty there, he knew that you were doing your duty. And, when he learned of the success of the congress, he expressed his satisfaction because he could renew his confidence in the students' indestructible strength and their permanent and indispensable support to the revolution. That is all. [applause]

Commentary on Ethics of Socialism, Capitalism

PA0812044895 Havana Radio Rebelde Network in Spanish 1800 GMT 5 Dec 95

[Commentary by Orlando Contreras; from the "National Radio News" newscast]

[FBIS Translated Text] The false dream of modernity is related to progress, which is likewise linked to scientific, technical, and industrial development in all sectors. Capitalism and socialism are results of modernity, and as such, both have positive aspects, except — and this is fundamental — in regards to their ethics.

Socialism's goals are mankind and society, whereas capitalism is after profits, and capitalism believes that markets can regulate everything, even though capitalists implement protectionist measures when it is to their advantage, and create monopolies which contradict market laws. Socialism is a superior cultural structure that analyzes social laws. One of these laws to which capitalism does not have an answer for, defines work as a clearly social activity. Thus, a great conflict arises when the fruits of social work are appropriated by individuals.

However, history has showed that all superior social structures maintained production and social approaches according to the systems that they were replacing. Feudalism preserved slavery and made servants out of the people, whereas mercantile capitalism maintained servants in large states, and slaves in the colonies.

Therefore, it is congruent to social development to find capitalist approaches — and even sometimes semi-feudal approaches — coexisting within socialism, fostered by low productivity and backward living conditions in rural areas, when compared to the situation in cities. This has happened in past times, and is still taking place.

In China, there are one million people who recently became rich or millionaires, and 70 million people

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

with very low incomes, among its 1.2 billion people — comparable to the joint populations of Europe and America. The stock exchange — one of the symbols of capitalism — operates in Shanghai, an industrial city in constant development. It is worthy to remember that the stock exchange, which Cuba had in the past, is the place where corporations' [sociedades anonimas] stocks are traded.

Current world's complexities do not allow those fighting for a better society to be tied to rigid schemes. All superior social structures have utilized mechanisms and approaches taken from the societies that they are burying. However, it is important to know the differences: What might be good in a particular social and economic structure with special historic, cultural, and demographic characteristics, will not necessarily function in the same manner in a different context. Or to be more precise: Whatever is more similar in essence, and whatever is right will work.

Correction to Unionization of Self-Employed Discussed

PA0412131595

The following correction pertains to the item headlined "Unionization of Self-Employed Discussed," published in the 5 December Latin America DAILY REPORT, pages 12-14:

Make sourceline read: ...Havana Radio Rebelde Network in Spanish 1700 GMT 27 Nov 95... (correcting date);

Page 13, column one, paragraph five, sentence two make read: ...employed in the informal economy [economia informal], which is so... (supplying vernacular for "informal economy");

Page 13, column two, paragraph two, only sentence make read: ...light products on a street corner, receive such a.... (rewording for clarity)

Haiti

Aristide Signs Order To Dissolve Interim Police Force

PA0812002195 Port-au-Prince Tropic FM in French 1700 GMT 7 Dec 95

[From "The Midday Newscast"]

[FBIS Translated Text] President of the Republic Jean-Bertrand Aristide signed on 6 December an order announcing the dissolution of the Interim Police Force. The High Council of the National Police [Conseil Superieur de la Police Nationale, CSPN] will take all measures necessary for the integration into the National Police Force of the last members of the Interim Police Force, according to an order published by the Ministry of Information and Coordination. Mario Tropnas has this report:

[Begin recording, in Creole] [Tropnas] A new presidential order issued on 6 December has announced the dissolution of the Interim Police Force. The same order provides for the creation of a CSPN that will study the measures needed to integrate the last group of Interim policemen into the National Police Force. This is what the Ministry of Information and Coordination has announced to the public. There were many comments opposing the merger of the Interim Police and National Police. Those comments prompted Major Dany Toussaint to support the Interim Police by saying that he will remain with the Interim policemen because they are doing a good job. Interim Police Spokesman Lieutenant Trecil gave his opinion on this latest decision:

[Trecil] The field experience of most Interim policemen, added to the knowledge of the members of the National Police, should be a good marriage. The Interim Police Force has been received well.... Furthermore, they have been working together for a long time, so this could work.

[Tropnas] Lt. Trecil also said that they were not afraid of this decision because the Interim policemen knew that they would not be around forever. Now is the time for an order to dissolve the Interim Force. If the rest of the Interim Police will be integrated into the National Police, what measures do they intend to take so this integration can be formalized?

[Trecil] It is possible for the remaining members of the Interim Police to integrate with the new National Police Force within a timetable through a process to be established by the CSPN.

[Tropnas] The Interim policemen say they are ready to do the job and cooperate with the National Police Force.

[Unidentified policeman] There are not two police forces, there is only one. There is only one police and we are all Haitians. We believe... [pauses] We are prepared and we are also happy to cooperate with the men.

[Tropnas] The two police forces used to have conflicts, in the opinion of Lt. Trecil, but there was always great cooperation between them, even though there was some confusion regarding their functions. Lt. Trecil believes the cooperation will be greater after this latest decision. Some observers hope that this marriage will not to end up in divorce. Mario Tropnas for Tropic FM. [end recording]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

SRE Views Criticism of U.S. Administration's Policy

PA0712171095 Mexico City EL FINANCIERO in Spanish 6 Dec 95 p 48

[Report by Perla Oropeza]

[FBIS Translated Text] The severe criticism U.S. President Bill Clinton received from his nation's Congress for having granted an economic support to Mexico totalling $20 billion have made our country an issue of partisan dispute, and, in this context, it was included in the U.S. electoral agenda.

A significant number of political actors from that country believe that their southern neighbor is at the brink of total collapse, as a result of the macroeconomic crisis it is facing, and this neighbor represents not only a serious security problem, but also a threat.

The Foreign Relations Secretariat (SRE) warned that this is not President Clinton's opinion and stated that the Mexican Government is working hard to reach a "new understanding" with the United States to ensure that the existing economic interdependence between the two nations will yield mutual benefits.

Mexico does have a strategy to face the sudden attacks on the country that periodically take place in the U.S. political circles, an SRE official who asked to remain anonymous said.

Contrary to the opinion of Mexican analysts, he added, the Foreign Secretariat is concerned about the possibility that, within the electoral debate taking place in the United States, our country's reality be distorted.

Even though he failed to give details of the strategy being implemented to counterbalance the harsh criticisms on the Mexican government, the source explained that officials from the SRE, the Mexican Embassy in Washington, and the consulates are attempting to soften up not only public opinion, but also congressmen and U.S. authorities in an effort to have them take a balanced and objective position on our nation.

He pointed out that the manner in which the visit Mexican President Ernesto Zedillo made to the United States was perceived there constitutes an evidence that this objective is being achieved. "The reception was very warm among congressmen, officials of the Clinton administration, U.S. businessmen, and the media." This was, however, the only example the SRE official cited.

In his opinion, Mexico cannot remain silent about the unfair criticisms being made from that country; however, it cannot and must not intervene in U.S. internal affairs.

The official denied that, as certain connoisseurs of these bilateral relations point out, the U.S. government saw the possibility of a total collapse in the Mexican crisis. "We must not see the United States as a homogeneous protagonist, because the government is on one side and because, on the other side, there are many protagonists who intervene or participate in these bilateral relations or influence U.S. policies. That is the opinion certain sectors have on Mexico; however, it is definitely not the opinion of the Clinton administration."

The economic support totalling $20 billion, the source maintained, was not granted because they foresaw a total collapse, but because the Mexican crisis directly affects the U.S. economy and the international financial system.

However, the approval of a Mexican aid package was opposed by several Republican legislators and prompted a harsh debate in Congress, which put our country right in the middle of an absurd debate.

A change of government in that country — in case Clinton is not reelected next year — would force a redefinition of bilateral relations since it has been possible to establish a general framework with the current administration that encourages dialogue and cooperation.

With the signing of NAFTA, the SRE official explained, links between both nations were strengthened, and closer relationships were established not only at the government level, but also between the academic and private sector.

It is for this reason why Mexico is the subject of political discussions and will become part of the election agenda insofar as the candidates are able to formulate issues such as migration and trade.

With respect to the migration issue, the SRE official commented that decisions by the Mexican authorities are based on the acknowledgment that every state has the right to design policies that may best suit the country's interests.

Despite this, the official added, there are limits: those policies must not undermine the dignity of those seeking to migrate or — much less — undermine their human rights.

"Anti-immigrant positions are starting to break out again in the United States due to the economic problems the country is confronting, and its inability to absorb all the immigrants arriving from other nations."

The problem lies in that this anti-immigrant position is reflected in the initiatives being approved by Congress that are aimed at imposing more restrictions on immigrants than those already in effect.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Not long ago Foreign Secretary Jose Angel Gurria Trevino pointed out that in the United States "the migration issue is being manipulated for political and election purposes, which tends to blur any objective evaluation of the phenomenon as well as to nurture positions that attempt against the physical and moral integrity of our fellow countrymen."

In light of this situation and Mexico's inability to influence the U.S. Congress to prevent these measures from being implemented, the government of the Republic can only reinforce steps to protect and assists our countrymen in that neighboring country.

According to the SRE official, there is no indication that the current economic crisis Mexico is confronting is causing an increase in the flow of illegal immigrants to the United States.

"The detainment of immigrants has been reinforced, which has been interpreted as an increase migration."

With respect to what several analysts forecast as an integration of Mexico to the United States — similar to what is taking place with the EU — the SRE official stated that there is no intention of doing such a thing.

He also added:

"I believe that the framework of interdependency within NAFTA is very clear-cut. We are not referring here to political integration, such as what is occurring within the EU, and much less are we talking about creating a common market such as the European one. We established a free trade zone here, nothing else."

Zedillo Proposes Autonomous Attorney General's Office

PA0712193095 Mexico City XEW Television Network in Spanish 0400 GMT 6 Dec 95

[From the "24 Hours" newscast]

[FBIS Translated Text] On Thursday, President Ernesto Zedillo sent various bills to Congress proposing that in criminal investigations and the prosecution of criminals, the investigating agencies be allowed to act independently and without any kind of external pressure. This would strengthen the autonomy of the offices of the attorney general in the Republic and the office of the attorney general for the Federal District, which will work together in the national public security system. If the bills are approved, examinations for selecting government prosecutors, members of the criminal investigation department and related services, and strict training of government workers will be required. The bills regarding a new organic law for the Office of the Attorney General of the Republic would determine how the attorney general would intervene in cases involving unconstitutional actions. Another bill proposes regulating the executive branch's legal counsel so that there would be legal support to ensure that administrative officials act in strict adherence to the law. This counsel would avoid delays in law suits, excessive red tape, and legal insecurity before the authorities. It would also help other agencies in their efforts to deregulate by eliminating an excess and duplication of regulations, and unnecessary formalities.

President Agrees To Refinancing Board for Overdue Loans

PA0812024495 Mexico City EL FINANCIERO in Spanish 4 Dec 95 p 24

[From the "Corporate News" column by Dario Celis Estrada]

[FBIS Translated Text] The government of Mexican President Ernesto Zedillo gave the green light to set up of what is already known as "Coordinating Board for the Refinancing of Overdue Corporate Bank Loans." The board is an independent agency presided by Eduardo Bours, Manuel Espinosa de los Monteros, Roberto Moulas and Antonio Frank. This new agency, intended to be a link between major manufacturers and the banking sector, will be officially announced shortly. A few days after having been set up, the board already had 15 cases pending which together add up to $2 billion in bank liabilities!

It was learned that the National Banking and Securities Commission (CNBV) which is headed by Eduardo Fernandez Garcia, and the Mexican Association of Bankers (AMB) presided by Jose Madariaga Lomelin, have already jointly proposed at least five unfortunate cases. These cases have prompted opposing points of view not only from new banking interests but also those of the second-tier banks [banca de segundo piso], in other words, those of National Finance Bank (Nafin) headed by Gilberto Borja, and the National Foreign Trade Bank of Mexico (Bancomext) led by Enrique Vilatela.

The gentlemen who currently manage Del Monte Fresh Produce, Banpais, Lehman-Brothers, and Frank-Galicia, are concretely evaluating the files of Synkro, headed by Jose Luis Ballesteros; Grupo Sidek, owned by brothers Jose and Jorge Martinez Guitron; Mexicana de Aviacion which is managed by Fernando Flores; Real Turismo (Realtur) owned at one time by Alvaro Lopez Castro; and Grupo Mazon owned by Sergio Mazon, in addition to 10 other firms of good size.

The new coordinating board originates from a request made by the ABM and the CNBV proposing the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

establishment of mechanisms that will pave the way to the capitalization of liabilities of those corporations that basically have an impact on the job creation. Sources close to this innovative proposal explained that "the objective is to revitalize these corporations so that in turn they may revive others that operate as suppliers of raw materials."

They guaranteed that the intention is to conciliate interests when more than two banks are involved in the arrangement with the owner of the firm. According to the ABM and the CNBV, "mechanisms range from an evaluation of minority and majority guarantee rights a specific firm might have, to the appointment of a committee that will manage the firm's treasury." Not being ruled out are options that involve the swap of liabilities among banks, with the goal of strengthening the standing of one creditor and allowing the withdrawal of others in the same case, in exchange for holding titles [tenencias acreedoras] in a third case.

The coordinating board will also be entitled to exert some degree of influence in an indebted firm, by proposing savings strategies such as cutting operational costs or even by offering some incentives to the owners of the firms so that they will continue investing capital into the business whenever possible. To this end, Nafin and Bancomext are both willing to provide support in joint agreement with creditors and an arbitrator, in addition to the intervention of the Secretariat of Finance and Public Credit which is headed by Guillermo Ortiz Martinez.

Swiss Official Reports on Raul Salinas' Bank Accounts

PA0712183595 Mexico City NOTIMEX in Spanish 2007 GMT 6 Dec 95

[FBIS Translated Text] Mexico City, 5 Dec (NOTIMEX) — Swiss Federal Prosecutor General Carla Del Ponte today reported that Raul Salinas de Gortari, who is being investigated for laundering drug money, is the beneficiary of various bank accounts in her country.

"The investigations have shown that huge amounts of money" connected to the investigation "were deposited in various Swiss banks," the brief communique issued by the European official stated.

The attorney general pointed out that she is in Mexico "to form an international commission to observe the interrogatories" to Raul Salinas, who has remained in jail since February 1995 at the Almoloya de Juarez maximum security prison, located in Mexico State.

Raul Salinas, who is the brother of former president Carlos Salinas, is being investigated for his alleged participation in the September 1994 murder of Jose Francisco Ruiz Massieu, who was the secretary general of the ruling Institutional Revolutionary Party.

The investigations the Swiss authorities are conducting on Raul Salinas began after his wife, Paulina Castanon, and his brother-in-law, Antonio, were arrested in Geneva when they were trying to withdraw approximately $84 million. According to the investigations, Castanon was attempting to make this transaction using documents bearing the name of Juan Guillermo Gomez Gutierrez and the signature and picture of Raul Salinas.

Del Ponte affirmed that a process against two Mexican citizens in connection with the laundering of drug trafficking money began at the Swiss federal prosecutor's office. She explained that these investigations started in Switzerland as a result of the information that the DEA provided and that "Switzerland and Mexico are" currently "investigating."

The European prosecutor general added that "because the summary proceedings are secret, the Swiss authorities cannot disclose more information on this case."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Guatemala

President Orders Army To Back Security Forces

PA0812030695 Guatemala City Teleonce Television in Spanish 0100 GMT 7 Dec 95

[From the "Telepress Newscast"]

[FBIS Translated Text] Guatemalan President Ramiro De Leon Carpio today ordered the mobilization of Army troops to back the civilian security forces. According to the president, the decision was made to counter the high levels of criminal violence registered in past weeks.

[Begin recording] [De Leon] Security actions will start as of right now; some actions will be seen and others will not but they will be effective. I guarantee that we will have tranquility from now to 7 January. We are going to combat violence and organized crime in all possible ways. We will use land and air vehicles, helicopters, and everything that is within our reach — we cannot resolve the structural problem of violence because this will take years, centuries — to provide the tranquility people deserve from now to 7 January, guarantee political institutional stability, and combat crime and impunity as much as possible.

[Unidentified reporter] Will the Army back those actions?

[De Leon] It will do so. I have already given those orders. According to the Constitution, the Army's mission is to guarantee and contribute to the citizen's peace and tranquility. Thus, the Army will back all necessary actions. I am willing to make use of the Armed Forces because the Army is obliged to back the civilian forces.

[Reporter] [Words indistinct] patrolling the streets?

[De Leon] There are going to be all kinds of patrol activities. All kinds of security forces will be present; some will be seen and others not. The objective is to give tranquility to the country and also to avoid that this issue and other unfortunate issues be used politically.

[Reporter] [Words indistinct] trying to get the government to look bad in the little time it has left in office?

[De Leon] Not only that, it's much more than that, they want to use this situation... [pauses] We have to recall that there is a struggle for power here and we are in the middle of it. When they want to get power they will use any means to do so. There is an unfortunate phrase that says that the end justifies the means. Unfortunately, when the objective is to get power, all kinds of means will be used. And, this is what we will not allow. [end recording]

Colonel Guillermo Caal Davila, the official spokesman of the Defense Ministry, described how the Army will help patrol areas with the highest incidence of violence.

[Begin recording] [Caal] The Army will start to patrol according to the contingency plans which we received from the president. The contingency plan includes specific, motorized patrol actions in urban areas. We want to tell the people that they should not be alarmed if they see soldiers guarding specific areas in Guatemala City.

[Unidentified reporter] [Words indistinct]

[Caal] Yes, we will have air support but this support has to be requested. We cannot have constant air support because, as you know, we have a limited budget for such activities. Aircraft, as you also know, cannot be available at all times. It is very expensive to have constant air support. However, we will supply air support as the need arises and in response to special requests by the security forces that will be patrolling the cities and urban areas. [end recording]

President Discusses Problems With Crime, Violence

PA0712000295 Guatemala City Televisiete Television in Spanish 1900 GMT 6 Dec 95

[From the "Channel Seven News" newscast]

[FBIS Translated Text] President Ramiro De Leon Carpio has described as illogical the belief that the problems of crime and violence will be resolved during the little more than a month remaining of his term, considering it has not been possible to do so in many years:

[Begin De Leon recording] It is logical to realize that the problem of violence will not be solved in one month, given that we have been unable to do so within years or centuries, because although the nature of the causes of violence are different, they are, basically, structural in nature; that is, drug trafficking activities, organized crime, armed domestic strife, a guerrilla presence that has lasted 35 years. There also are the socioeconomic factors, as this society is a shaken one lacking in values. The family has been broken up. There are no family values or values that foster a family. There is the socioeconomic aspect most of all. Violence is entrenched everywhere in the world, even in developed countries, and, therefore, I repeat, we are trying with these actions to get to the root of the problem, because this problem is a structural one, as the three heads of the state branches have said. The Guatemalan people can rest assured, however, and be certain we are going to adopt every possible means as of today. We are going to use helicopters, land equipment, and all

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

human resources available to us to counter this wave of violence so that this situation is not used for political purposes. In certain aspects, cases, areas of violence, there are months, such as this last month, in which certain acts of violence, such as car thefts, have gone down. In certain months, the number of kidnappings declines. There are two factors at this time. One is that there are weeks in which violence is greater, as in the last two weeks, in which acts of violence pile up. The number of crimes is sometimes proportional in one month, because they often pile up in one week, which is a violent week. [end recording]

Carlos Urrutia, spokesman for the UN Mission for Guatemala [Minugua] has voiced his outrage over the kidnapping of a UN official [10-second break in reception]:

[Begin Urrutia recording] On 3 December, [three-second break in reception] followed by a car. An abusive dialogue ensued. The aggressor got out of the car, manhandled Ms. Casman, pushed her inside his car, and drove her to an unknown destination. In a courageous action, no doubt, she opened the car's door, jumped out, and took refuge in the house of someone who protected her. The assailant drove off in view of that action. We are very concerned and have deplored this action. Minugua deplores these types of violent actions against its officials or anybody else, of course.

We are establishing whether there is a political motive; we want to make this point very clear. So far, we do not have evidence of a political motive for this action or that the motive was to kidnap. We do know that this attack is an unspeakable one on a Minugua official and, most importantly, on a person who was alone and that there was an attempt to attack her through violent means. We want to make it clear that for this mission these types of incidents fall within the framework of the general violence in Guatemala. [end recording]

President Confirms Suspect in Cardenas' Murder Captured

PA0712182895 Mexico City NOTIMEX in Spanish 0310 GMT 6 Dec 95

[FBIS Translated Text] Guatemala City, 5 Dec (NOTIMEX) — President Ramiro De Leon Carpio today confirmed that the National Police captured a suspect in the murder of Mexican Lucina Cardenas Ramirez, a former UN official.

During a working tour of the Poptun municipality, located in the northern Peten Department, the Guatemalan president told reporters that Otto Leonel Hernandez Lopez was turned over to the courts for his alleged participation in the murder.

National Police Director Angel Antonio Conte pointed out that Hernandez Lopez, who was accompanying Cardenas when she was attacked, was arrested as a suspect in the murder. The police chief explained that the police had been questioning Hernandez, who reported the attack on and disappearance of the Mexican citizen, since 27 November as an eyewitness.

There is evidence that Hernandez is responsible for the crime. This is why Quetzaltenango's second judge of the Lower Penal Court issued that arrest warrant, which was carried out immediately.

Hernandez, of Guatemalan origin and apparently a former colleague of the Mexican specialist, on 27 November reported that he had escaped from an armed attack by unidentified individuals unscathed and that the Mexican woman had been wounded.

On 2 December, Cardenas [words indistinct] dead, and her [words indistinct] in a hamlet of the San Martin Sacatepequez municipality, located in western Quetzaltenango Department, approximately 200 km off the Guatemalan capital.

Her body was half-buried and showed two bullet holes and torture signs, which lead one to think she was the victim of an "unofficial execution," the Guatemalan Archbishop's Human Rights Office reported.

Cardenas, 50, who was an expert auditor for the International Labor Organization (the United Nations's ILO), was working on a textile project in which Indians are participating.

[Guatemala City SIGLO VEINTIUNO in Spanish on 5 December in a 450-word report adds: "According to information SIGLO VEINTIUNO obtained yesterday, a paramilitary group operating in the San Marcos-Quetzaltenango road is the main suspect in the murder of Lucina Cardenas, a former UN official."]

Panama

Union Leader: 500 Base Workers To Be 'Dismissed'

PA0812041095 Panama City ACAN in Spanish 2351 GMT 4 Dec 95

[FBIS Translated Text] Panama City, 4 Dec (ACAN-EFE) — Approximately 500 workers at the U.S. military bases along the banks of the Panama Canal will be dismissed in about six months due to the anticipated turnover of U.S. Army-occupied areas in Panama, a leader of the labor union grouping these employees reported today.

Alonso Rodriguez, secretary of education and training of Local Union 907, consisting of 5,000 military base

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

workers, told ACAN-EFE that due to the anticipated reversion plans, approximately 300 employees were dismissed in September.

He added that some of these workers were transferred to the Panama Canal Commission, but most of them have not been given new jobs. An additional 38 temporary employees will be dismissed next January.

Approximately 7,000 employees — more than 80 percent of whom are Panamanians — work at the Panama Canal Commission, the U.S. Government federal agency that administers the waterway.

Rodriguez explained that some of these workers could also be hired by local contractors, who will continue to provide some services.

The Interoceanic Region Authority (ARI), a state entity that administers the Canal properties that will revert to Panama, is also studying the creation of an employment office for military base workers, Rodriguez remarked.

According to the labor leader, this irregular situation has been caused by both governments having advanced the reversion of some of these facilities, scheduled for 1998, without consulting the workers who are affected by it.

During a visit to the White House this past September, Panamanian President Ernesto Perez Balladares agreed with his colleague Bill Clinton to begin "exploratory" talks on the interest the United States has in maintaining a reduced military presence in the Canal area beyond the year 2000.

These conversations should have begun last week in the Panamanian capital, but they were temporarily postponed until next year.

Rodriguez expressed that Local 907 has designated two of its members to participate in these talks.

The Canal Treaties both countries signed in 1977 stipulate that the waterway, its properties and installations, must be turned over by the United States to Panama at noon on 31 December 1999 and the last U.S. soldier must leave the country.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Brazil

Nation Reacts to U.S. Blocking of Diplomats' Accounts

PY0712202595 Rio de Janeiro O GLOBO in Portuguese 7 Dec 95 p 8

[Article by Ascanio Seleme]

[FBIS Translated Text] By order of the U.S. treasury secretary, the New York branch of the Bank of Brazil blocked, without prior warning, the bank accounts of 12 diplomats and employees of the Brazilian Embassy in Cuba on 20 November. According to the U.S. Treasury, the measure was imposed according to the terms of the Trade With the Enemy Act [preceding five words in English as published], which is a law that establishes sanctions on those who negotiate with enemies of the United States. Brazil has officially reacted to the blocking of the bank accounts, which it considers an arbitrary measure.

Itamaraty spokesperson Vera Machado said that Brazil is carrying out negotiations with the United States to solve this situation, which began 17 days ago. On 1 December, the U.S. Treasury authorized the embassy personnel to take up to $2,000 per month from their accounts. According to the diplomats, if Brazil admits the withdrawal limit imposed by the U.S. authorities, Brazil will be formally accepting the U.S. embargo on Cuba. This is a delicate situation, the diplomats say, because the blockade on Cuba is condemned by the United Nations. Brazil has already officially expressed its displeasure to the U.S. Government.

"Brazil, through Ambassador Paulo Tarso Flecha de Lima in Washington, is carrying out negotiations so that the restriction on the bank accounts will be totally lifted. The embassy accounts were not blocked because the embassy has a license from the Treasury to operate," Vera Machado said.

Itamaraty reported that other foreign missions in Cuba have also suffered sanctions from the United States. This information has not been confirmed either by Cuban Foreign Ministry sources or by Brazilian Embassy employees in Washington. According to Cuban and Brazilian diplomats, the measure allegedly means pressure being brought to bear against the Brazilian policy toward Cuba.

Senate Committee Approves Patent Bill Report

PY0812021195 Sao Paulo AGENCIA ESTADO in Portuguese 1629 GMT 7 Dec 95

[FBIS Translated Text] Brasilia, 7 Dec (AE) — The Senate's Constitution and Justice Committee [CCJ] has just approved, unanimously, the report presented by rapporteur Ney Suassuna (PMDB- PB) [Brazilian Democratic Movement Party-Paraiba] on the amendments made to the Patents Bill during a congressional plenary session. The same amendments will be analyzed by the Economic Affairs Committee (CAE), which will have to approve its own report.

Suassuna's text establishes a five-year period, beginning on the day the new law is promulgated, for the new rules to go into force. It also establishes that a product must be manufactured locally in order to be patented. The report contemplates the possibility of parallel importing of patented products, whenever the products offered in the country are deemed of a low quality, excessively expensive, or insufficient to supply the market.

According to the report, microorganisms can only be patented when they are artificially reprocessed and used for just one industrial function. The report forbids retroactive recognition of patents through the so-called pipeline. After the report was voted on, Suassuna said with satisfaction: "The CCJ realized that we are defending national interests. Even the government leader voted for the report."

Despite having supported Suassuna's text in the CCJ, however, government leader Senator Elcio Alvares (PFL-ES) [Liberal Front Party-Espirito Santo] reported a short while ago that he could change his opinion in the CAE. He said: "We will adopt a position in the committee that determines the merit of proposals." The CCJ and CAE reports will be presented to the Senate's plenary session. On that occasion, the senators will choose the proposal they consider best.

Bank Allegedly 'Financed' Political Campaigns

PY0812003695 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 7 Dec 95

[FBIS Translated Text] Finance Minister Pedro Malan has ordered an investigation into the leak of information contained in a pink file found by a Central Bank auditor inside the Economico Bank. The pink file contains information on the financing of election campaigns of politicians for the 1990 elections.

Minister Malan said the documents are being sent to the office of the Attorney General of the Republic.

[Begin Malan recording] The contents of the file were sent today to the Attorney General's Office. After analyzing the documents, Attorney General Brindeiro will decide what action must be taken. [end recording]

The Central Bank management released a message regretting the leak of information on the existence of a file that contains the names of politicians whose

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

campaigns were allegedly financed by the Economico Bank. The Central Bank communique states that an investigative commission has been formed, as the case involves improper and unacceptable behavior by bank officials. The commission will have 30 days to finish its investigations.

[Sao Paulo AGENCIA ESTADO in Portuguese at 2210 GMT on 7 December, in its preview of the 8 December "O Estadao" column adds: "The list of names in the pink file includes Senator Antonio Carlos Magalhaes, Planning Minister Jose Serra, and Environment Minister Gustavo Krause. This partly reflects disagreements within the economic team. No one can deny the deep differences, of content and form, between the Planning Ministry and the Central Bank. Even if the pink file case prospers, the politicians mentioned in it will have no trouble with the Federal Revenue Service because the issue was proscribed on 31 December 1994."

A Brasilia datelined item from AGENCIA ESTADO in Portuguese at 2247 GMT on 7 December, states: "Senator Antonio Carlos Magalhaes considers the leak of information of a pink file a struggle between ministers, in reference to disagreements between Finance Minister Pedro Malan and Planning Minister Jose Serra. He said: 'I consider it funny that everyday the administration comes up with a new crisis to harm itself.' He added: 'This is a struggle between ministers.' Magalhaes later denied receiving financial help from the Economico Bank. He stated: 'Of that I am sure,' adding: 'I guarantee not one receipt in my name will be found.'"]

Cuba's Lezcano Invites Companies To Invest in Cuba

PY0712193495 Sao Paulo AGENCIA ESTADO in Portuguese 2335 GMT 5 Dec 95

[Report by Jacqueline Pereira]

[FBIS Translated Excerpt] Sao Paulo, 5 Dec (AE) — The Cuban Government is studying the establishment of a free trade zone, exempt of taxes and duties on industrial companies that aim their production at the Caribbean market. This is one of the projects presented today by Cuban representatives to Brazilian businessmen at the Micro and Small Industries Association (Simpi). Jorge Lezcano Perez, a deputy of Cuba's National Assembly of the People's Government [ANPP], said: "Cuba holds a strategic position in the Caribbean, where there is a dearth of manufactured products."

The best business opportunities are in the area of foreign trade, through the formation of joint ventures either for the installation of Brazilian companies in Cuba or of Cuban companies in Brazil. The areas offering the best prospects in Cuba at this time are civil engineering construction, printing, consumers goods, and services.

Lezcano said Cuba offers investors benefits in terms of imports and exports, a quick return on invested capital, guarantees that there will be no conflicts with unions, and exemptions on entry of capital. He added: "The foreign investment law approved by the Cuban legislature envisages 50 percent capital participation, but this could be as much as 100 percent, depending on the individual case." [passage omitted]

Brazilian Peacekeepers Besieged in Angola

PY0712145595 Sao Paulo AGENCIA ESTADO in Portuguese 0235 GMT 7 Dec 95

[Report by Tania Monteiro]

[FBIS Translated Text] Brasilia, 7 Dec (AE) — In an official communique, the Armed Forces General Staff (EMFA) reported on 6 December that a group of UNITA [National Union for the Total Independence of Angola] fighters are preventing nearly 30 Brazilian members of the UN peacekeeping force in Angola from leaving an area located north of the city of Andulo. The EMFA communique notes, however, that the Brazilian peacekeepers can freely circulate in the area, that they are permanently in touch with their commander via radio, and that they are receiving both food and medicine.

According to EMFA, the only thing the Brazilian soldiers cannot do is return to their base, which is located 28 km from the city of Andulo. In the meantime, the Brazilian servicemen have set up camp in the area. EMFA also adds that the members of the Brazilian infantry platoon remain in touch with local UNITA leaders and are keeping the Brazilian commander informed of all the actions that are taking place in the region.

The EMFA communique adds: "The Brazilian company is following the required emergency procedures and is keeping the situation under control." The communique says that "EMFA, the Army Ministry, and the Foreign Ministry are closely following the unfolding of events in the area."

EMFA states that no malaria outbreak has been reported among the Brazilian peacekeepers in Angola. Of the 1,107 men deployed in Angola, 29 have contracted malaria. EMFA notes that, out of the 29 malaria-infected soldiers, only four required hospitalization at the infirmary, and that the remainder required only outpatient care.

EMFA has also denied press reports that Brazilian soldiers were involved in cases of raping Angolan

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

women. The EMFA deputy commander of operations has contacted the UNAVEM [United Nations Angola Verification Mission] headquarters, where no reports have been received on problems of that type involving Brazilian soldiers. The commander of the peacekeeping infantry battalion has also denied any report of rape or sexual harassment involving Brazilian servicemen.

Itamaraty has reported that negotiations are under way for the UNITA rebels' withdrawal from Andulo, which is located near the capital city of Luanda. Twenty-two Brazilian members of the UN peacekeeping force are near Andulo. Itamaraty adds that there has been no confrontation between the rebels and the Brazilian troops.

The Brazilian peacekeeping force in Angola consists of 200 soldiers, who are stationed in Andulo. According to Itamaraty, 22 soldiers were somewhat isolated from the rest while setting up camp for UNAVEM, the UN peacekeeping force in Angola, when they detected the presence of UNITA forces. Following the established UN procedures, the Brazilian soldiers suspended their work and remained in their position, keeping contact with the UNAVEM headquarters in Luanda. According to Itamaraty, UNAVEM is holding talks with UNITA headquarters to make the rebels withdraw from the area. Itamaraty adds that the UNITA members are close to the Brazilians but that there has been no contact, and the Brazilian soldiers have not received any kind of threat.

Itamaraty has no confirmation of reports on the reasons for the UNITA action.

Siege Lasted 5 Days

PY0812004695 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 7 Dec 95

[FBIS Translated Text] Angolan guerrillas' siege of Brazilian soldiers participating in the UN peacekeeping force has been suspended. This was reported by the EMFA [Armed Forces General Staff] in Brasilia. The 22 besieged Brazilian soldiers were members of the 200-man battalion that had been surrounded by Angolan guerrillas for five days.

Reportage Related to Amazon Region Surveillance System

ESCA Engineers Involved in Modernizing Frigates

PY0712185695 Sao Paulo AGENCIA ESTADO in Portuguese 2244 GMT 5 Dec 95

[Report by Chico Otavio]

[FBIS Translated Text] Rio de Janeiro, 5 Dec (AE) — Engineers of the now defunct ESCA [Automation and Control Systems Engineering] company — which was removed from the Sivam [Amazon Region Surveillance System] project for having forged certificates to prove it did not owe any money to the National Social Security Institute — have set up a new company and have inherited from ESCA a strategic Navy project valued at $385 million. They are implementing the ModFrag modernization program, which involves equipping six Niteroi-type frigates with advanced electronic war equipment.

These ESCA experts developed what is known as "the brains of the system." They managed to stay on the program by creating IES (Electronic Systems Industry) [Industria Eletronica de Sistema], which is taking part in the ModFrag program as a subcontractor of Emgepron (Naval Projects Managing Company) [Empresa Gerencial de Projetos Navais], which is a company linked to the Navy. Nearly 40 civil and military engineers are designing the software for the fighting system of the six frigates, which are expected to last about 30 years.

ModFrag is considered a main Navy project because it will equip six frigates with electronic war equipment for air, surface, and the sea bed. A leading device of the new system is the "Aspide" missile, which is being installed by the Italian firm Selenia, which has also been subcontracted by Emgepron to implement the project. The frigates will be equipped with new sensors, radars, and turbines supplied by General Electric.

The Navy High Command regards ModFrag as a highly sophisticated program that will prepare the six frigates for combat to current technological standards. A weapons specialist said that by modernizing its fleet the Navy is following a trend observed in other countries, which have chosen to modernize the "hull" of their vessels instead of buying new ones. A chief improvement, he said, will be the installation of sensors capable of detecting an enemy missile from afar, the "CIWS" (Close in Weapons System), which guides the ship's artillery or missiles toward those targets.

Captain Wellington Liberatti, director of the Navy's Public Relations Office, today admitted that ESCA experts continue to work for the project, although now as IES personnel. Liberatti said ESCA was hired "to advise" the Navy and "to absorb and to install the systems" to be supplied by the Italian company Selenia. He did not explain, however, whether a new tender was opened after the contract with ESCA was rescinded and it was replaced by IES.

The Sivam Coordinating Commission has also taken advantage of the ESCA experts, despite the fact that the company has disappeared. Nearly 180 experts were hired by Infraero [Brazilian Airport Infrastructure Firm]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

and are at the disposal of the Air Force, awaiting the implementation of Sivam.

Cardoso Decision Gives Congress 'Free Hand'

PY0712154095 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 7 Dec 95

[Report by Flavio Figueiredo]

[FBIS Translated Text] Most congressmen have welcomed the National Defense Council [CDN]'s decision to maintain the Sivam [Amazon Region Surveillance System] project and to wait for a Senate decision on the issue.

Senator Ramez Tebet, rapporteur of the Senate super committee on Sivam, has said that the CDN decision was the best possible and that it will enhance the work of the senators.

Senate President Jose Sarney said that President Cardoso's decision has strengthened the Congress. He said:

[Begin Sarney recording] I believe the president's decision has strengthened the Congress, which now has a free hand. As I said earlier today, this is a very controversial issue that entails a mixture of political and technical aspects. The Congress is studying the issue and will naturally be able to make a well-considered decision. [end recording]

The only one not satisfied with the CDN decision was Senator Jader Barbalho, leader of the Brazilian Democratic Movement Party in the Senate, who a few weeks ago had proposed to the administration that the Sivam project be canceled. Barbalho's proposal has thus been ultimately rejected.

Senate Legal Advisers Deem Sivan Contract Legal

PY0812021595 Sao Paulo AGENCIA ESTADO in Portuguese 2312 GMT 7 Dec 95

[Report by Joao Domingos]

[FBIS Translated Text] Brasilia, 7 Dec (AE) — The Senate legal advisers have deemed legitimate the decision to grant the U.S. firm Raytheon the contract for implementation of the Amazon Region Surveillance System [Sivam] project without holding a tender bidding. The government's vice leader in the Senate, Jose Roberto Arruda (PSDB-DF) [Brazilian Social Democracy Party-Federal District], has handed the Senate's report, which was drafted at the government's request, to Ramez Tebet (PMDB-MS) [Brazilian Democratic Movement Party-Mato Grosso do Sul]. Tebet is the rapporteur of the special committee that has been investigating the Sivam project.

In addition to the legal report, Arruda has handed Tebet technical studies on Sivam. These have been done by the Strategic Affairs Secretariat, the Aeronautics Ministry, the Senate, and the Science and Technology Ministry. All of these bodies have agreed that the technology to be used in Sivam is superior to the other surveillance systems being used in other countries, in addition to being more modern.

Senator Arruda's report proposes that the National Accounting Office [TCU] permanently audit the entire Sivam project during the implementation process. The report states: "The TCU should write detailed reports every three months and submit them to the Senate." Arruda added that his studies did not deal with the issue of the cost of the Sivam project.

New Aeronautics Chief of Staff Testifies

PY0812020795 Sao Paulo AGENCIA ESTADO in Portuguese 2041 GMT 7 Dec 95

[Report by Tania Monteiro]

[FBIS Translated Excerpt] Brasilia, 7 Dec (AE) — During his testimony before the Senate special committee investigating the Amazon Region Surveillance System [Sivam], which took place on the evening of 6 December, Brigadier Sergio Ferolla said that the diskettes containing all the information about Sivam's implementation were in an Aeronautics Ministry room at the Congonhas Airport in Sao Paulo. According to Ferolla, who is the new Aeronautics chief of staff, Sivam represents only 30 percent of the project that the government is developing for the region. The project's largest investment, he said, is the Sipam — Amazon Region Protection System — which will conduct a geo-economic study of the region and centralize it in the form of a database that is kept in Brasilia, under custody of the Strategic Affairs Secretariat. [passage omitted]

Poll Reveals Senators' Opinions on Sivam

PY0812023695 Sao Paulo AGENCIA ESTADO in Portuguese 2211 GMT 7 Dec 95

[Report by Joao Domingos]

[FBIS Translated Text] Brasilia, 7 Dec (AE) — The administration is trying to convince the senators to preserve the Amazon Region Surveillance System (Sivam) as planned, without canceling the contract with the U.S. company Raytheon. Senator Jose Roberto Arruda (PSDB-DF) [Brazilian Social Democracy Party-Federal District] vice government leader in the Senate, today gave Senator Antonio Carlos Magalhaes (PFL-BA) [Liberal Front Party-Bahia] and Senator Ramez Tebet (PMDB-MS) [Brazilian Democratic Movement

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Party-Mato Grosso do Sul], president and rapporteur of the special Sivam committee, respectively, a technical appraisal requested from the Aeronautics Ministry, the Science and Technology Ministry, the Strategic Affairs Secretariat, and the Senate. This appraisal favors maintaining the Sivam project just as it is.

The administration wants to prevent the approval in the Senate of the appraisal made by Senator Gilberto Miranda (PMDB-AM) [Amazonas] recommending the cancellation of the contract with Raytheon. The creation of this special committee has served to sort of neutralize the action of Senator Miranda, who has lost his position as rapporteur to Ramez Tebet. Now Tebet is gathering information to issue a favorable recommendation for the Sivam project.

A poll carried out by AGENCIA ESTADO shows that most senators who are members of the special committee favor awaiting the results of the investigations that are being carried out before making a decision:

Antonio Carlos Magalhaes: "The Senate will decide whether the message of the president of the Republic must be approved or not. We are awaiting information."

Ramez Tebet: "I still have no idea what I will decide. I am working to gather the greatest amount of information possible."

Jose Sarney (PMDB-AP) [Amapa], Senate president: "The Senate is promoting studies that will allow us to make the best decision possible regarding this case."

Jader Barbalho (PA) [Para], PMDB leader: "For the time being it is a tie. We do not know how the game will end."

Esperidiao Amin (SC) [Santa Catarina], president of the PPB [Brazilian Progressive Party]: "For the time being, everything is doubtful. Are there concrete elements to replace ESCA [Automation and Control Systems Engineering]? Are there concrete elements to maintain the Sivam? We still do not know."

Geraldo Mello (PSDB-RN) [Rio Grande do Norte], deputy rapporteur of the special committee: "We still cannot tell whether the message of the president of the Republic will be approved or not."

Pedro Simon (PMDB-RS) [Rio Grande do Sul]: "I must await the results of the committee. What I know now does not allow me to make a judgment on the issue."

Gilberto Miranda: "The Sivam project is full of irregularities; it is expensive and obsolete. I am against its maintenance."

Epitacio Cafeteira (MA) [Maranhao], PPB leader: "I think that the project must be carried out and the contract with Raytheon maintained."

Julio Campos (PFL-MT) [Mato Grosso], Senate vice president: "I think that the message of the president of the Republic should be approved."

Jose Roberto Arruda: "The contract is so-so and the equipment for the Sivam is the best possible. The project must continue."

Eduardo Suplicy (SP) [Sao Paulo], leader of the PT [Workers Party]: "The project must be redone from scratch, through a public bid."

"Lucio Coelho (PSDB-MS): "I think we could have a cheaper, alternative project to the Sivam, with national technology. We don't need something so spectacular."

Allies: Cardoso Image 'Stained' Due to Sivam

PY0812011295 Sao Paulo FOLHA DE SAO PAULO in Portuguese 5 Dec 95 Section 1 p 6

[Article by Emanuel Neri]

[FBIS Translated Text] Fernando Henrique Cardoso's allies in Congress believe that the president's political image is becoming unnecessarily stained due to the fact that he is defending the contract signed with the U.S. firm Raytheon for the implementation of the Amazon Region Surveillance System [Sivam] project.

In their opinion, the behavior President Cardoso has been adopting thus far has been harming the process. According to these allies, a correct attitude on the part of the president would have been to let the Aeronautics Ministry defend the contract.

They suggest that President Cardoso adopt a judge's attitude and only rule on the case in its final stage. He would thus have better conditions to cancel the contract, in case the Aeronautics Ministry's arguments do not prove convincing.

These same leaders do not fear military resistance to compliance with the contract signed with Raytheon. They say that if there are truly serious irregularities in the contract, no military pressure will be enough to prevent its cancellation.

For them, President Cardoso's difficulties with the Sivam started at the very beginning of the process. One of the difficulties was former Aeronautics Minister Mauro Gandra's dismissal. They ask: If President Cardoso wanted to preserve the contract, why did he dismiss his minister?

According to the allies, by dismissing Gandra, President Cardoso has raised serious doubts about the contract. To

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

their surprise, Cardoso then started to defend the need to maintain the contract's validity.

President Cardoso's fellow party members attended, on 4 December, the ceremony dedicating the FOLHA DE SAO PAULO Printing-Graphic Center. Most of them believe that the president will have to face political difficulties in order to preserve the contract's validity.

They believe that the Brazilians who are following discussions on Sivam have several reservations about the contract with Raytheon. This atmosphere of suspicion has finally been echoed in Congress.

According to Cardoso's friends, in order to preserve the validity of the contract, the Aeronautics Ministry will have to reverse this atmosphere of suspicion by presenting technical arguments that may satisfy public opinion.

Senate President Jose Sarney (PMDB-AP) [Brazilian Democratic Movement Party-Amapa] said that it is up to the president to make the final decision. He avoided commenting on Sivam, but said that he was favorable to a project for "monitoring" the Amazon region.

In Sarney's opinion, there is great international interest in this project, particularly because it is necessary to have environmental control over the region. "Brazil is committed to the international community. If we do not make a good decision, I am sure that there will be a great deal of international pressure on the country."

Roundup of Economic Reports Through 7 Dec

PY0712142795

[FBIS Editorial Report] The following is a compilation of reports on economic activities in Brazil monitored through 7 December.

BASIC LEADING INDICATORS

Lead Mine Closes Down — With the closure of the metalworks unit of Plumbum Mining & Metalworks, which was the only lead producer in Brazil, the country will depend exclusively on metal imported from Peru, Bolivia, and especially Morocco. Brazil consumed 63,325 tonnes of lead last year according to the National Mines and Metalworks Department. Douglas Melhem Junior, secretary general of the Non-Ferrous Metals Institute, said that this is a bad moment for closing the mine with international lead prices climbing. (Sao Paulo GAZETA MERCANTIL in Portuguese 4 Dec 95 p B21)

FINANCIAL OPERATIONS

Samsung Factory Opened — Samsung Vice President Geun Sik Noh and Industry and Finance Minister Dorothea Werneck today dedicated a new electronic factory that produces television and video recording machines in the free zone of Manaus. The factory, which is already operating since 1 December, is made up of two units with an annual production of 450,000 machines. Samsung invested $60 million in this factory and expects sales to reach $150 million in 1996. The new Samsung factory, which will next year begin to produce audio equipment and microwave ovens, employs 430 people between the ages of 18 and 23, all with a high school education and who are either taking or have taken English and computer classes. Salaries are at an average of $300 per month. (Sao Paulo AGENCIA ESTADO in Portuguese 2217 GMT 1 Dec 95)

Taiwanese Factories To Open — Bahia Governor Paulo Souto (PFL) today signed a contract for the installation of four Taiwanese factories in the Industrial Center of Aratu, in the metropolitan region of Salvador, Bahia. The companies, which are controlled by the Cherry Industry Company, will manufacture watches, hair dryers, fans, plastic housewares, and umbrellas. The company will invest 30 million reals (R) during the next three years, and create 1,100 jobs. This is the first concrete result of the Bahia government trade mission to the "Asian tigers" that took place last May with the purpose of attracting investments. The Asiatic mission chief Want Mao Shen said: "We chose the state of Bahia to install our first factories because we received all the information and guarantees from the Bahia administration. Sunny Yuan, the director of Cetra, a Taiwanese government agency that oversees foreign trade, said that the Pouchen company — the greatest shoe industry in the world — and informatics and telecommunications companies will install factories in Bahia next year. The two Chinese businessmen are considering founding a Chinese colony on the Northern Bahia coast to house businessmen, professionals, and their families. Yuan said that Taiwan invested $50 million in Asia last year and that there is an expectation to invest 10 percent of that figure in Brazil over the next five years. (Sao Paulo AGENCIA ESTADO in Portuguese 2317 GMT 5 Dec 95)

FISCAL, MONETARY ISSUES

Bank Incorporates Another — The Bandeirantes bank has incorporated the Banorte bank in an agreement signed last night with approval of the Central Bank. The new bank will open its capital to allow the participation of the foreign Swiss Bank Corporation. A bank manager reported that the banks have merged not because of financial problems but to unite forces since "they are absolutely healthy institutions that decided to unite to expand and reduce costs," he said. The

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

new institution will have a patrimony worth R400 million and assets worth approximately R4 billion. It will have 600 bank branches in Brazil and in New York, Miami, London, Rotterdam, Bahamas, Grand Cayman, and Buenos Aires. (Sao Paulo AGENCIA ESTADO in Portuguese 1546 GMT 2 Dec 95)

Foreign Loans for States — The Central Bank today officially authorized financial institutions to transfer to the states loans borrowed abroad. This is stated in Resolution 2217 that was approved last week by the National Monetary Council, CMN. These loans are linked to the repayment of debts contracted by the state administrations as Budget Revenue Advances, ARO. The Central Bank also issued Resolution 2218, which limits the volume of ARO operations to the debt remainder of 30 November 1995, also approved by the CMN. In practice, Resolution 2217 allows the replacement of the ARO — which is a short-term loan — for a longer-term loan. Beside this, foreign interest rates are normally lower than domestic ones, which represents a reduction of the debt cost for the states. State administrations may only borrow foreign loans for exactly the same amount necessary to repay the ARO debts. Resolution 2218 in practice prevents the increase of ARO operations by the banks. At most, banks are authorized to replace old operations with new ones. This limit is applied to the banks and not to the borrowing states and municipalities. This is why, through the provision, while some states repay their debt, others will be able to obtain new loans as long as the amount lent by the bank does not increase. (Sao Paulo AGENCIA ESTADO in Portuguese 2338 GMT 5 Dec 95)

TRADE ISSUES

November Export Figures Revealed — According to the Industry and Commerce Ministry, Brazilian exports reached $4.048 billion during the 20 work days of November, which represents an average $202 million per day. This figure, which is smaller than what was registered in October, when exports reached $4.405 billion, is a record figure for November, since it is 8.5 percent greater than that registered in November 1994. The government considers normal the reduction of exports in November and December, basically on account of the reduction of sales of agricultural products. The trade balance results for November have yet not been released. (Sao Paulo AGENCIA ESTADO in Portuguese 2131 GMT 4 Nov 95)

Cheese Import Tariff Increased — Economic sources today reported in Sao Paulo that the government has increased the import tariff on cheeses from 16 to 24 percent with the purpose of protecting Brazilian cheese producers particularly from European competitors. Brazil reduced a year ago the import tariffs on cheeses in order to increase the domestic demand. Brazilian cheese producers asked that the import tariff on cheeses now be increased to 33 percent. The Brazilian cheese market which is evaluated in $1 billion per year, will register a total 46,000 tonnes of cheese imports by the end of the year, which represent 16 percent of the local production, which is 290,000 tonnes. According to the cheese producers associations the reduction of the import tariffs a year ago opened the market to an "unfair competition, especially from the EU." Of the 30,000 tonnes of cheese imported between January and June this year, 80 percent came from Europe. The excess local production during that same period amounted to 10,000 tonnes. (Buenos Aires TELAM in Spanish 2003 GMT 4 Dec 95)

Export Credit Facilitated — Through Circular Letter No. 002643, the Central Bank has practically eliminated the compulsory bank deposit on the so-called "export notes" which will give this paper greater liquidity and therefore promote exports and loans through said export notes, given that the banks will have greater freedom to apply or buy this paper in foreign currency. The Central Bank resolution only imposes a 30 percent compulsory deposit on the repurchase of export notes before their maturity date. (Sao Paulo GAZETA MERCANTIL in Portuguese 1 Dec p B5)

Chile

Bomb Explodes Outside PDC Headquarters in Rancagua

PY0712200595 Santiago EL MERCURIO in Spanish 7 Dec 95 p C5

[Article by Liliana Astudillo]

[FBIS Translated Text] Rancagua—A bomb exploded early on the morning of 6 December outside the headquarters of the Christian Democratic Party [PDC] at 151 Gamero Street. One window was broken

Employees of the PDC headquarters said the bomb exploded just after 0000 on 6 December, breaking the window of the office assigned to Senator Nicolas Diaz Sanchez. No one was injured.

Witnesses reportedly saw two youths leave a package outside the headquarters and then escape in a taxi.

Senator Diaz said the attack may be by the "ultra left or the ultra right. I will not be threatened by people who only know how to express disagreement through violence."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Senate Committee Approves Human Rights Bill

PY0712205595 Santiago EL MERCURIO in Spanish 6 Dec 95 p A1

[FBIS Translated Excerpt] Valparaiso—The Constitution, Legislation, and Justice Committee of the Senate approved, by a vote of three in favor and two opposed, the articles of the new bill on human rights and missing persons cases that was agreed upon by Interior Minister Carlos Figueroa and National Renewal Senator Miguel Otero.

The committee rejected, by a majority vote, the 16 proposals made to the bill by the Socialist Party. The committee also rejected the two proposals made by Senators Hernan Larrain of the UDI [Independent Democratic Union] and Sergio Fernandez [senator-designate] establishing deadlines for closing the legal proceedings and for making the implementation of the amnesty more uniform.

The bill, concerning which debate began in August, will now go to the Senate floor for debate and legislation. It is expected that the debate will start on either 12 or 13 December. Otherwise, it will be debated in January. [passage omitted]

Cuban Ambassador Expects Increasing Investment

PY0712210695 Santiago EL MERCURIO in Spanish 2 Feb 95 p C7

[FBIS Translated Text] Chilean businessmen will find broad possibilities for business and investments in Cuba, and the Cuban Government is very interested in attracting more foreign capital and increasing trade. For this reason it has issued a law on foreign investments.

Aramis Fuentes, Cuban Ambassador to Santiago, made this statement yesterday in Santiago, after discussing this and other matters with Foreign Minister Jose Miguel Insulza within the preparations for the official visit of the foreign minister to Havana next January.

The ambassador said: "This visit is very important, first because it will be the first visit by a Chilean foreign minister to Cuba in 25 years, and for this reason we attach much importance to it."

Fuentes said Insulza's presence in Havana will be a "magnificent opportunity" to keep strengthening bilateral relations.

Although there is already an established mechanism of political consultations, political dialogue has developed fluently.

To achieve economic-commercial ties, a couple of agreements have been negotiated—one related to the reciprocal promotion and protection of investments and another to trade cooperation—which may be signed in the presence of Foreign Minister Insulza in Havana.

The Cuban ambassador said the idea is for governments to create adequate legal frameworks so that relations may develop without any problems and so that private companies may feel motivated to explore the possibilities in either country.

He said that Cuba today offers broad investment possibilities in almost all areas, following the publication in September 1995 of the new law on foreign capital.

This law encourages the arrival of foreign investors and the establishment of joint ventures in Cuba, except in three areas where the state maintains its exclusive action: health, education, and defense.

Trade last year increased to $14 million, and there is hope that it will be higher. Although the balance shows a deficit for Cuba, Ambassador Fuentes said his country is trying hard to be reinstated in the international economy. He expects a gradual increase in competition of the Cuban products and services abroad.

Colombia

President Refrains Comment on Investigation

PA0812021595 Santa Fe de Bogota Inravision Television Canal A Network in 0000 GMT 8 Dec 95

[Report by Javier Ovidio Giraldo; from the "Seven O'Clock Newscast"]

[FBIS Translated Text] President Samper, who visited the cities of Armenia and Pereira today, categorically defended the measures that eliminate more than 100 procedures that made life impossible for Colombians.

President Samper said in Pereira today, that he will maintain his silence on the investigation being furthered by the Accusation Committee of the Chamber of Representatives until next week. The president also referred to the government's latest measures to combat bureaucracy.

[Begin Samper recording] Any public employee who does not comply with the decree, issued yesterday, to eliminate bureaucracy in Colombia, will be subject to disciplinary action. Do not wait for a written order because the president of the Republic is giving it to you right now. [end recording]

Finally, the president told coffee producers that the tax reforms fundamental to advance in the search for solutions to the crisis.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

'Exclusive' Samper Statements to Mogollon Revealed

PA0812014395 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 8 Dec 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Attention. This newscast has obtained a copy of President Samper's statement to Accusations Committee investigator Heyne Mogollon. Mogollon will finally decide next week, if an investigation against the chief of state for the leak of drug trafficking money into his campaign is to be opened.

The following are a few excerpts of the answers that are now part of Colombia's legal and political history. This is an exclusive report of this newscast.

In an [word indistinct] revealing response to investigator Heyne Mogollon, President Samper stated: [Former treasurer of Samper's presidential campaign] Santiago Medina asked to speak to me privately. He came into my office and told me that he was to have breakfast with not very reputable people in Cali the following day. I ordered him to cancel the breakfast and he promised to do so. If he took any action it was on his own account.

Asked about the famous Recoletos pact, the meeting which, according to Medina, was held in Spain, with Cali Cartel middlemen to reach a pact with drug traffickers, the head of state answered: The Recoletos pact never existed. I never have and never will pact with the drug traffickers. The pact only existed in the imagination of Santiago Medina who, in a twisted manner, has tried to associate people and situations to an alleged pact that, I repeat, never took place.

The head of state added to investigator Heyne Mogollon: At no time during the campaign, did I receive direct or indirect offers for money from drug trafficking activities. If this would have been the case, I would have rejected them categorically. In another section of his testimony, President Samper answered: The photograph that Mr. Medina is looking for is nowhere but in his mind because there was no meeting or pact.

President Samper also referred to Medina in the following terms: When I ponder over why a person can invent so many lies and make such slanderous assertions, I cannot find any other explanation but that Medina never accepted that he had not been appointed to a diplomatic post as he requested as soon as I assumed the presidency.

The president's declaration to the Accusation Committee investigator is 13 pages long and he does not only mention Medina but also personalities such as [former defense minister] Fernando Botero, [international affairs adviser] Monica De Greiff, [Liberal Party leader] Eduardo Mestre, [alleged spokesman of Cali Cartel] Alberto Giraldo, and (Isabel Montoya Isaria), the crafty monkey [la monita retrechera], whom he asserted was never part of his campaign team.

Accusations Committee Waits for Pallomari's Evidence

PA0712142095 Madrid EFE in Spanish 1537 GMT 6 Dec 95

[FBIS Translated Text] Santa Fe de Bogota, 6 Dec (EFE)—The parliamentary committee investigating Colombian President Ernesto Samper on the presumed use of drug-trafficking money during his election campaign will have to wait for the conclusion of inquiries of the former Cali Cartel accountant before closing the case against the president.

This statement by Attorney General Orlando Vasquez was published today by EL TIEMPO in Santa Fe de Bogota.

Vasquez believes the Accusations Committee will have to review the new evidence that may result from the second interrogation of Chilean Guillermo Pallomari who was the Cali Cartel's accountant for more than 15 years.

Two judges from the Prosecutor General's Office and one delegate from the Attorney General's Office returned to the United States to conclude Pallomari's interrogation. Pallomari has been under the DEA custody since August.

The first part of the interrogation was held recently. According to reports in the Colombian news media, Pallomari does not link Samper with the accusations of presumed financial assistance received from an illegal business owned by Gilberto and Miguel Rodriguez Orejuela during his electoral campaign last year.

According to the sources, Pallomari said that Cali "capos" headed by the Rodriguez brothers pledged to collect approximately $7 million to finance electoral campaigns of Colombian politicians. A total of 35 beneficiaries were reportedly identified by Pallomari.

Vasquez told EL TIEMPO that "there is no sense in ordering the closing of an investigation alleging lack of evidence when there is evidence waiting to be analyzed and evaluated."

On the other hand, Vasquez said the fact that the parliamentary committee, which four months ago began the legal procedures against Samper, was not present during Pallomari's interrogation is very serious.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Vasquez said that "if Pallomari has evidence against the president, the members of the Accusations Committee should be informed about it, as they are the ones who should investigate him, without limiting the prosecutor's freedom to collect evidence."

If Pallomari presents conclusive evidence during his second interrogation, Vasquez noted, the investigations committee will have to reopen the process against the president if it is closed as predicted.

Heyne Mogollon, president of the parliamentary committee and chief investigator announced he will present his report today.

The document will be secret and will have to be reviewed by the other 14 members of the Accusation's Committee. The committee will have five working days to issue a definite ruling on whether Samper should face a political trial before the Senate. Afterward, the ruling must be approved by the plenum of the Chamber of Representatives.

Fernando Gomez Gomez, delegate for the Attorney General's Office before the committee, already filed a plea to close the investigation on President Samper, due to lack of incriminating evidence.

Samper's Lawyer Remarks on Report to Committee

PA0712162995 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 5 Dec 95

[Interview with Antonio Jose Cancino, lawyer of President Ernesto Samper, by Caracol News Director Dario Arizmendi, Judith Sarmiento, and an unidentified reporter in the network's studio in Santa Fe de Bogota; from "Caracol's 0600 to 0900" newscast—live]

[FBIS Translated Text] [Arizmendi] Good morning, Dr. Cancino.

[Cancino] Good morning, Dario. How are you?

[Arizmendi] Your expectations for this week must be as high as that of all Colombians.

[Cancino] Yes, but calm and confident.

[Arizmendi] When do you think you will present your report to the Accusations Committee of the Chamber of Representatives headed by Heyne Mogollon?

[Cancino] I believe any minute now. I do not think it will be an unanticipated act. I think the committee will learn gradually about the situation and the report; thus, the 15 deputies will meet and take the corresponding judiciary decision.

[Arizmendi] Could they do it in one session, or could they make use of the five days as established in the regulations?

[Cancino] I believe they could do it in one, two, or three days or use the five days; it all will depend on the texting of the document, something which has to be done very carefully, because it is a historic ruling. This ruling will probably be known, by virtue of what President Samper believes, by the whole country; therefore, it is necessary to make a profound analysis despite the fact it would take longer.

[Arizmendi] Allow me to speculate. If there is an inhibitory ruling by the committee, do you favor the calling of a political debate, a "trial" in the chamber's plenary session and the exposing of the entire file, as President Samper apparently has said?

[Cancino] I believe, just as President Samper does, there should be no question about the legality of the ruling. In other words, we cannot keep on seeking mechanisms outside the Constitution in order to continue legitimizing what is already legitimate according to the Constitution, the laws, procedures, congressional regulations, and what the Constitutional Court has approved. Basically and essentially we would like to clarify any doubts that may exist in the public; in other words, we must find a constitutional mechanism within Congress in order to inform the country of the contents and scope of the ruling, a very important point.

There will be a ruling without further commentaries or debate if that veil or secrecy is not dropped; therefore, the debate is not to criticize or legitimize a ruling that is legitimate on its own. There will be no further legal actions if it is issued, as I am certain it will, in accordance with the evidence. The debate is very important, however, so the public will be able to know the contents of the ruling and even make criticism, if there are any.

[Arizmendi] To lift the secrecy of the contents of the ruling, is it necessary to have an explicit request by President Samper?

[Cancino] No. I believe there could be difficulties from the dogmatic, strictly legal point of view, but there is an important point. There is an article in the Constitution that has not been applied yet; that is, the predominance of fundamentals over formalities. Another point is the interpretation of the jurisprudence of other factors that complement the law. We know a law should be applied as long as it serves a purpose. If secrecy hinders the fundamental in favor of the formal aspect, we should think about solutions to this problem. The same goes if it does not serve its purpose; that is, preventing investigation problems.

Turning dogmatic during the investigations would be an exaggeration; therefore, in Congress and in the law

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

regulating congressional procedures, there are norms allowing the lifting of secrecy. Congress leaders could choose this procedure, which is totally constitutional and legal in order to expose everything in Congress, including questioning the Public Prosecutor's Office or the defense. I believe this point is very rational, and for this reason the president accepted this approach of openness, which I think is excellent.

[Arizmendi] There is a practical problem. There are only five working days left in Congress. Will there be enough time for the committee to make a decision, to allow a public debate in Congress, to expose the documents, to allow the Public Prosecutor's Office and the defense to present their allegations if necessary?

[Cancino] I believe that it will be made public. The debate would not be an extensive session of debates but, rather, a report that can be presented in one or two hours. I do not see any problem in Congress taking two or three hours for a debate or to make the report known. What is important is for the leaders in Congress to allow the ruling to be made public, because there should be no doubt about the president's openness.

[Sarmiento] Dr. Cancino, how would you characterize the comment that has been made to the effect that you have been capable of turning that which should have been a political trial into a federal case?

[Cancino] I believe this is a criminal offense that should be handled by a criminal lawyer. One reporter said that Dr. Gaviria turned to scientists at Universidad de los Andes. What the country does not know is that Dr. Gaviria stood several criminal trials and he worked with criminal lawyers; Dr. Samper had a criminal problem and could not go to the chief of genetics at Universidad de los Andes. He had to seek out well-known criminologists. There is no question that, thanks to my ability, the president's innocence has been more clearly established. Furthermore, I have acted with force; I have been critical and I have been blunt. From the very first I have maintained that the president is innocent. I have never had any doubts about that. Therefore, I am pleased that people are saying that this is due to my ability. What would have happened if it had been thanks to my awkwardness?

[Unidentified questioner] Dr. Cancino, does not this matter of eliminating secrecy in the president's case work like communicating vessels? By eliminating the secrecy other reservations—which probably should not—can automatically be lifted?

[Cancino] No. In the first place let's not tell lies. Pallomari's testimony was leaked yesterday; Dr. Medina's testimony has been leaked; everyone's testimony has been leaked. The only thing left to leak are the documents that we presented to deny certain absurd charges and false accusations. Furthermore, I believe the country should know—I think this is very important—the mistakes that have been made in the Case 8000 investigation. It seems to me that there is a void in the Case 8000 investigation, which I denounced during the president's trial; this complaint might wake up the Office of the Prosecutor General and make it conduct the investigation a little better. The Office of the Prosecutor General should remember that the Constitution states that favorable as well as unfavorable evidence should be investigated, and it should stop applying eminently accusatory criteria, which our constitution does not allow during the preliminary phase.

[Arizmendi] Have you gone to the Constitutional Court and other bodies to denounce the Office of the Prosecutor's alleged arbitrary actions, excesses, and false interpretations?

[Cancino] Look, I am not only the president's attorney. I am president of a bar association and a university professor. I have responsibilities toward society. I have stated in more or less 60 articles, which I published in EL ESPECTADOR—without anyone ever contradicting me—that there have been excesses, which must be stopped, in the implementation of the prosecutorial system. For example, prejudgements based on evidence. If this is done from the top, why appeal? Why appeal in the lower courts which are directed by the higher courts? There have been excesses despite the fact that the Constitutional Court has already said that the Office of the Prosecutor's hierarchic organization is administrative and not jurisdictional. The Prosecutor's Office has refused to understand this.

Administrative employees even appear at conferences making prejudgments and overlooking the principle of presumed innocence. Therefore I am not attacking Dr. X or Dr. Valdivieso; I am attacking the constitutional system so that the Office of the Prosecutor will follow the path ordered by the Constituent Assembly. This is elementary. Every time I say that I am going to file a lawsuit someone says that Dr. Cancino is going to attack and denounce the prosecutor general. No. The prosecutor has made more or less the same mistake that Dr. De Greiff made.

[Unidentified questioner] Dr. Cancino, what is your opinion regarding the leakage of Guillermo Pallomari's testimony before a team of faceless prosecutors, whom he told that President Samper is not to blame? He did not level charges against former Defense Minister Fernando Botero either.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Cancino] I was aware of his testimony and knowing what I know from what leaked out, I believe that Pallomari's testimony is quite suspect. I have rendered an analysis of his testimony to the pertinent commissions. His testimony contains a series of constitutional mistakes which the commission will have to examine in due time to establish who is guilty. For example, the intervention—the very active intervention—of foreign officials. This is very serious. This cannot be ignored. It is the first time in the country's history that such an explosive and unconstitutional thing has happened.

[Arizmendi] In legal terms then, the testimony that Mr. Pallomari rendered in Colombia has no legal value?

[Cancino] I do not want to engage in such an evaluation; the pertinent authorities will decide that. However, I believe this incident is very serious and it requires a great national debate on the manner in which the proceedings were conducted, the people who were involved, the people who were absent, and the hindrances caused by foreign officials in violation of over 30 articles of the Colombian Penal Code. I do not believe that any agreement or exchange exists that would allow such an attack on national sovereignty.

[Arizmendi] Threats against you and your family have increased. I understand that some of your family members even had to leave the country.

[Cancino] These are delicate situations. This is a violent country and I live in the hope that my God will continue protecting me. I have a commitment with the state and I have proven that I have a great deal of character. Of course I must take care of myself and observe the caution that the case merits. I hope that these problems, which are resolved with laws in Colombia, will not turn into violent reactions. I also hope that certain irresponsible newspapers and certain fanatical newspaper employees will stop creating a climate that fosters reactions like the one I suffered.

[Unidentified reporter] Do you believe, Dr. Cancino, that there are those who are trying to stir things up, to use a popular but graphic term, in this situation?

[Cancino] Listen, no one knowingly wants anything to happen to me or to someone else. But if a reporter says that I got together with Heyne Mogollon and we are going to issue the ruling together, this obviously prompts a reaction from violent persons. This is an irresponsible action toward me and toward the country, and it is a lie.

This is what I am saying because journalists cannot act in such an irresponsible manner.

[Unidentified reporter] Yes, sir. Did your family leave the country?

[Cancino] Some members of my family have left the country?

[Unidentified reporter] Are they being protected by the Colombian State?

[Cancino] No, no, no, no. They are being protected by me.

[Sarmiento] Thank you very much, Dr. Antonio Jose Cancino. He is the attorney of the president of the Republic and he has explained the reasons for requesting total freedom to discuss, question, and challenge the decision adopted by the Chamber of Representatives Accusations Commission. He concluded that the country should know the exact reasoning behind the decisions adopted.

Ecuador

Government Unsure of Peace Before May Elections

PY0712135095 Madrid EFE in Spanish
0033 GMT 7 Dec 95

[FBIS Translated Text] Quito, 6 Oct (EFE)—Foreign Minister Galo Leoro today asserted that the Ecuadoran Government cannot assure it will complete the peace process with Peru under the current administration that ends after the general elections scheduled for 1996.

Upon his return from Lima, where he attended the meeting of foreign ministers of the Amazon Pact member countries, Leoro said: "Nobody knows nor can assure when this entire process will end" in search for peace between the two nations, that at the beginning of this year engaged in a war on their border in the Amazon.

"It is a slow process" that "will take time" and "does not have a set date," because it entails negotiations between nations, that have their own interests, Leoro said. He asserted, however, that his government's political will "exists."

Leoro did not dismiss the possibility that the electoral campaign for the general elections to be held in Ecuador in May may affect the peace process, although he said that it will be up to the presidential candidates to assess the situation "and act in the best way they may deem convenient."

The foreign minister explained that during his visit to Lima he held a lengthy meeting with his Peruvian counterpart, Francisco Tudela, and said that a process has started to choose the procedures that will be used during future key talks between the two governments.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

"Quite a lot of progress" has been made in this sense, Leoro explained, and announced that he has invited his Peruvian counterpart to visit Ecuador on 22 February, to move these talks forward. He also confirmed he will make another visit to Lima on 17 January.

The Ecuadoran foreign minister said that Tudela confirmed that Peruvian President Alberto Fujimori will extend an official invitation to Ecuadoran President Sixto Duran-Ballen to visit Peru on the occasion of the Andean Pact summit that is scheduled to take place on 11 March in Trujillo.

Leoro asserted that during his meeting with Tudela they did not discuss details of the border demarcation in the area being disputed by the two nations because "it would take time to go into detail."

Minister: Monetary Officials To Keep Economic Program

PY0812004795 Quito Voz de Los Andes in Spanish 2300 GMT 7 Dec 95

[FBIS Translated Text] Ecuadoran monetary officials have said they will maintain the economic program and the exchange system despite the lack of liquidity in the local financial system.

Finance Minister Ivan Andrade said the macroeconomic program announced last October, which included a new exchange system, will be maintained. Andrade said this after meeting with officials responsible for the economic policy to study the situation of the financial system and Ecuadoran companies.

The local financial system has been seriously affected by the interest rates that have been kept high throughout the year due to the military conflict with Peru, the political crisis, and the energy shortage.

The exchange system established a fluctuation band that is previously announced by the Ecuadoran Central Bank. This band has an annual depreciation of 16.5 percent and allows the intervention of the Central Bank when the dollar goes over the middle point of the band. Beside decreasing financial uncertainty, the measure seeks to reduce interest rates. Economic agents have said the system created high costs for the financial and business sector.

Andrade admits that keeping the system has a cost but added that this is less than if inflation were allowed to increase, because this would allow the currency to float—which will not be allowed.

Superintendency Intervenes in Finance Companies

PY0812023795 Quito Voz de Los Andes in Spanish 2300 GMT 7 Dec 95

[FBIS Translated Text] The Superintendency of Companies of Ecuador intervened in the third national financial company in less than three days for obtaining money illegally.

A spokesman of the Guayaquil Superintendency of Companies said that the institution intervened in the (Cerbinfa) finance company of Guayaquil on 6 December. The spokesman said: We intervened in that company yesterday for obtaining money illegally, but I cannot say anything further.

The spokesman, who did not identify himself, did not give any major details. The action is taken at a time when the Ecuadoran financial system is facing problems due to lack of liquidity. This situation has led monetary officials to draw up a financial assistance package with international credit.

The superintendency began a serious investigation into the Guayaquil finance companies after it was learned that the (Cabalsa) finance company unexpectedly went bankrupt, hurting dozens of Ecuadoreans to the tune of more than $5 million. (Carlos Fulgaro Semena), Superintendency of Companies president, said that the case of (Cabalsa), more than a bankruptcy, is a fraud case. He believes it is a fraud case because it was the most active member of the Guayaquil Stock Exchange and everything was legal.

According to the preliminary investigation, (Cabalsa) is financially sound but it was obtaining funds illegally from the people. As a result of the investigation the Superintendency of Companies intervened in a second finance company, (Finanvalores), for the same reason.

Some economic agents said that these interventions reflect the first impact of the military conflict with Peru, the political crisis, and the energy supply shortage on the financial system.

Moncayo Clarifies Statements Made at Conference

96SM0020B Guayaquil EL TELEGRAFO in Spanish 17 Nov 95 p 1-A

[Received via Internet]

[FBIS Translated Text] Army Commanding General Paco Moncayo described as an error and a misinterpretation EL UNIVERSO's report that he said the country lacks leadership and ability.

According to the report published yesterday, the commanding general had said that "the country's future is

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

not very auspicious, with a political system full of corruption, and a lack of leadership, foresight, or ability to lead the state to greater mutual benefits."

The Army commanding general explained that in delivering an academic lecture on development and the Armed Forces, he separated it into two parts. The first part addressed the historic evolution of development, the conditions that existed in the countries that achieved development, an analysis of post-Cold War conditions, and how these conditions could help countries achieve development.

In the second part of his presentation, he said that he had spoken about what the Armed Forces are doing for development, which was a serious academic presentation that cannot be summarized in the piece that was selected for publication yesterday.

Moncayo said that it is very difficult to reduce a one-and-one-half-hour lecture to a sentence, which was evidently the cause of this misunderstanding.

General Paco Moncayo insisted that his presentation of the lecture had been completely academic, on development in general, not only on Ecuador, and how peoples have attained development. He is ready to release the complete transcript of his lecture for examination, to avoid an uproar.

The commander of the Army said that the Army is ready and willing to be audited by the State Comptroller General's Office and to accept the oversight of public agencies. Most of the Army-owned firms are mixed, and have always been subject to oversight by the Superintendency of Companies. Therefore, nothing is secret or hidden.

Moncayo complained about a persistent campaign by Peruvian communications media to discredit the military leaders who took part in the war at the beginning of the year.

"They have been carrying out this campaign systematically. First, I was linked to secret expenditures, then they tried to connect me to arms purchase deals, and now that there have been arms acquisitions, which is not true."

"I have said more than once that, from December when I went to Patuca until May when I left, I could not have made any purchases. I was neither able nor empowered to buy anything, except for purchases I made for my own personal subsistence in the war zone," Moncayo said.

Oil Pipeline Expansion Plan Cancelled

96SM0020A Quito EL COMERCIO in Spanish 17 Nov 95 p 2-A

[Received via Internet]

[FBIS Translated Text] In a meeting yesterday of far reaching importance, the Special Committee for Bids [CEL] of Petroecuador declared void the bidding for the expansion of the system to carry crude oil from Amazonia to Balao, on the Pacific coast.

The meeting was presided over by ex-Minister of Energy Galo Abril, who made the arguments for implementing the CEL's resolution.

Abril took leave of the members of that body. "Tomorrow I will no longer be at the head of the Ministry. Undersecretary for Hydrocarbons Esteban Polit will be in charge," said Abril, according to a source close to the CEL.

Abril invited the press to an interview yesterday that was cancelled at the last moment "until a later date." He obviously intended to announce the government's decision, but he had to go to the government palace, where the CEL was to meet.

Thus ends one of the most controversial and disputed episodes in the history of Ecuadoran petroleum.

During the 20 months of negotiations, discussions, and agreements since bids were invited in March 1994, criticism of the proposal from several quarters has been unceasing.

Now, the government is considering a new plan to increase the capacity of the pipeline by 40,000 barrels and increase pumping to 400,000 barrels per day.

Construction will be done by Petroecuador at an estimated cost of $80 million.

The oil pipeline expansion plan defended by the government was expected to increase pumping to 450,000 barrels, with investments on the order of $600 million. Whichever consortium emerged successful in the bidding would have taken over operation of the system 15 days after signing the contract, and for the 12-year duration of the agreement.

Meanwhile, an important project is in preparation which would bring out heavy crudes exclusively, by means of a new oil pipeline starting from the center of the Amazonian region to Guayaquil, or another port.

The present oil pipeline would be used solely to carry the light petroleum produced by the fields that are operated by Petroproduccion, thus avoiding mixing the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

two substances, which currently causes technical and economic difficulties.

In the first place, the oil pipeline cannot pump crudes of higher density because this diminishes capacity. It also causes more corrosion in the pipes.

The consortiums ICA-Tripetrol and Techint-Odebrecht that were competing for the project were surprised by the government's decision.

"We feel very frustrated," said a representative of Odebrecht.

Telecommunications Privatization Paralyzed

96SM0021A Quito EL COMERCIO in Spanish 9 Nov 95 pp A1, B1

[Article: "Business: Initial Goals Not Reached"]

[FBIS Translated Text]

Telephone System: Modernization Stalled

Ecuadoran telecommunications are on the verge of collapse. With privatization paralyzed, the State Telecommunications Enterprise [Emetel] has two voids: systems and operating ability.

Since the reform of the Telecommunications Law was enacted on 30 August, the agencies to manage the sector have not yet been created. The time limit for doing so expired on 15 October.

Inadequate training of technicians has prevented installation of the new digital dialing of number seven in Quito.

The Ecuadoran telecommunications system is passing through perilous times. Almost on the verge of collapse, it is the victim of the paralysis of privatization and of the lack of systems and operating capacity of the State Telecommunications Enterprise [Emetel].

Almost three months after the enactment of the reform of the Special Telecommunications Law (on 30 August), still to be created are the National Telecommunications Council [Conatel], The National Secretariat of Telecommunications, and the Telecommunications Modernization Council [Comotel]. These are the agencies that must manage, administer, and execute policy.

The third transitory disposition of the law says that the members of Conatel must be accredited with whomever heads that organization within 45 days of the publication of the law in the OFFICIAL REGISTER. The time limit expired on 15 October.

Only the Superintendency of Telecommunications exists. Therefore, there is no interlocutor to develop and define the law's applicabilities. Furthermore, where are the law's regulations being prepared?

The sectors concerned believe that, as the law was passed without a consensus because of political haste, the regulations require ample discussion, taking into account that telecommunications are vital to the country's harmonious development and its integration into globalized markets.

They also expect that, if the judicial system does not incorporate the new services and technological facilities, the government will reform the judiciary in order not to slow development.

And what of the operational aspect? Just as in the energy sector, not even the resources generated by telecommunications have been reinvested in its own behalf.

Indebtedness is the norm, despite the law's prohibition against confiscating revenue.

Emetel is no longer creditworthy, and it loses income due to the call-back system. Because of administrative inefficiency, call backs cannot be monitored, as is done in other countries.

Problems in Quito worsened, due principally to a failure of inspection and maintenance of fiber optics. When this situation was resolved, installation was attempted of the new digital dialing of number seven in the central switchboard. The purpose was to provide "back ups" or alternative routes for calls in case of breaks in the fiber optic circuits. But the technicians damaged the entire system because of inadequate training.

[Box, p B1]

Completely Leaderless

Comotel Without a President

Comotel, responsible for carrying out modernization and privatization, cannot be formed because the president of the National Modernization Council [Conam], who must preside over Comotel, has not been appointed. There is someone in charge of those duties in Conam. Also lacking is the designation of a vice president, who must also take charge of the Solidarity Fund.

Conatel With a Vacancy

Conatel, the maximum authority for the administration and regulation of telecommunications, has also not been created. The president of the republic must appoint his representative, who will preside over it.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The Secretariat Without a Head

The law created the National Secretariat of Telecommunications, charged with executing the telecommunications policy established by Conatel. The national secretary of telecommunications has yet to be appointed by the president of the republic.

The Consultancy

Adjudication is still not complete of the contract with the consortium of consulting firms that must begin phase A of Emetel's privatization. The process is stalled. Legal approval from the State Comptroller General's Office has still not been issued.

[Box, p B1]

Counterpoint With Adolfo Loza, Superintendent of Telecommunications

Nothing is Happening With Emetel

[EL COMERCIO] As superintendent of telecommunications, how do you see privatization of the sector?

[Loza] We continue to waste time. In the three months since the law was passed, nothing has been done.

[EL COMERCIO] Was the previous law the obstacle to the development of the sector?

[Loza] The law was the pretext for privatization.

[EL COMERCIO] Do you believe that privatization will be completed in six months, as the official version has it?

[Loza] I doubt it very much. It is physically impossible. Nothing has been done. Unless it is decided to speed things up later, in order to regain lost time.

[EL COMERCIO] Perhaps a very dangerous speeding up?

[Loza] Yes. The only loser is the state, the country, as far as obtaining the best returns and improving services, which was the reason for the reform of the law.

[EL COMERCIO] Is the public telephone system an example of what not to do?

[Loza] Exactly. There was not a single offer from an international entrepreneur, and this was a closed market and very profitable.

[EL COMERCIO] But what will happen finally with Emetel?

[Loza] For three years I warned that the state enterprise was twiddling its fingers. It did absolutely nothing. It has only been thinking, as in a daydream, about selling the company. It has not concerned itself with the catastrophic situation in which we Ecuadorans find ourselves.

[EL COMERCIO] Is this a strategy to discredit privatization or merely lack of planning?

[Loza] Perhaps the first. Because with the previous law we could have privatized certain services, as we did. The cellular system, the trunk line system, and the satellite system, are the only ones that have gone into operation.

Peru

Elections Hailed as 'Affirmation of Democracy'

96P20133A

[FBIS Media Note] The 12 November municipal elections were characterized by the electorate's preference for independent candidates and and by the absence of terrorist activities.

"First Time in 15 Years"

"Impeccable," "exemplary," and "absolute normalcy" were words the media used to describe the 12 November municipal elections, in which more than half of the victors were not candidates of the ruling party, and during which there were only "minor incidents." Opposition daily LA REPUBLICA noted on 13 November that "for the first time in 15 years" there was "absolute normalcy" and that terrorist activities did not play a role in the election of mayors for the country's 194 provincial capitals and more than 1,800 districts.

Era of Strongman Politics Over

Centrist weekly SEMANA ECONOMICA said in its 12 November editorial that the time of partisan voting and strongman politics were over, citing the defeats of mayoral candidates Jaime Yoshiyama (Lima) and Kurt Woll (Callao), both of whom had received President Alberto Fujimori's support. The slogan of the president's two chosen men had been the not-so-subtle "With All the Support." SEMANA ECONOMICA went on to speculate that the electorate's preference for independent candidates might reflect the wish to "more evenly distribute power." The weekly also said that the heavy-handed support may have backfired for Yoshiyama, because it made him look as if his "only merit lay in his proximity to Fujimori."

The sense of a new political era was echoed by Congressman Enrique Chirinos Soto (Renewal Party), who wrote in the daily EL COMERCIO on 14 November under the heading "The Election and the Will of the Peruvian People" that the electorate "gave a lesson in perfect independence... (and) was guided by its own, incorruptible criterion... a vote of conscience."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Centrist weekly CARETAS in its 16 November editorial underscored the electorate's "healthy and mature attitude." The conservative EL COMERCIO's 13 November editorial said that the relatively low no-show at the polls undoubtedly was an expression of "greater understanding" of the voting act and "an affirmation of democracy" on the part of the people.

Labor expert Mario Pasco, writing in EL COMERCIO 14 November, said that Fujimori suffered a "predictable and unnecessary setback" in Lima and Callao. The reason, according to Pasco, was that Fujimori enjoyed "too much power" and that it was "clear" that the people were not prepared to give him "another blank check."

Improved International Image

Most commentators agreed that there were no losers in the election. Chirinos Soto wrote that, "From the point of view of our international image, Andrade's victory could not have been better. Because the 'Fujimori dictatorship,' of which the Vargas Llosas of this world speak (from afar), has demonstrated that it is a very incompetent dictatorship that loses the municipal elections in Lima."

The CARETAS editorial echoed this sentiment, noting that for President Fujimori there was a "silver lining": that "no one abroad" could any longer say that "authoritarianism rules here." The weekly gave the president a "bravo" for his handling of Lima mayoral candidate Yoshiyama's defeat in favor of Alberto Andrade.

Voices of Dissent

Perennial Fujimori critic, Fernando Rospigliosi, did not see the election as an expression of democracy. In his "Controversies" column in the 16 November CARETAS he wrote: "One of the most curious and significant facts... was that none of the victorious candidates wished to identify himself as of the opposition... they all declared their loyalty to the government.... This is alien to any democratic system." According to Rospigliosi, the fact that the winning, independent candidates did not declare themselves in opposition to Fujimori and his economic policies, and the fact that Andrade had stated that he was not a candidate for the year 2000 presidential elections, for which his position as mayor of Lima would make him eminently suited, had to do with "Fujimori and his entourage remaining in power." Rospigliosi opined that to challenge Fujimori is to take "risks," and that under the circumstances, "Andrade had no other alternative (but to say he will not run for the presidency)."

In his 14 November column in LA REPUBLICA Mirko Lauer commented on the proliferation of "independents" and their political orientation: "Independent...which used to mean...without ties to any party, has gone on to implicitly mean 'but still with this government.'"

"Fujimorist Light"

Whereas Rospigliosi saw independents' lack of opposition to the current government as submission, most commentators noted that the election had been between the Change 90-New Majority candidates ("absolute Fujimorists") and the independent candidates, who, being conservative in their economic policy, were labeled either "neo-Fujimorists" or "Fujimorists Light." (SEMANA ECONOMICA and CARETAS)

Election Year 2000

Many post-election commentators also speculated about the presidential election of the year 2000. Traditionally, the post of mayor of Lima has been seen as a natural stepping stone to the presidency, given that about one-third (seven million) of the country's population resides in Lima. Alberto Andrade, the mayor-elect of Lima, however, took pains to make it clear that he will not be a presidential candidate in year 2000, but rather hopes to be a two-term mayor of Lima.

With Fujimori's candidate for Lima mayor, Jaime Yoshiyama, considered out of the running for the year 2000 presidential election, Fujimori's political plans became a subject of speculation. The 1993 Constitution stipulates that a president can serve only two consecutive terms, but Fujimori, whose second consecutive term ends in year 2000, might argue that his first term, 1990-1995, does not count because the new Constitution was not promulgated until the latter part of that term.

The fact that the more prominent winners in the election did not declare themselves in opposition to the national government is taken by Rospigliosi to indicate that there are new "rules of Fujimorism" and that the reason for these "rules" is the president's "intention to run in the year 2000."

Similarly, in his November 13 column in the center-right daily EXPRESO, Manuel d'Ornellas stated that the "first consequence of Yoshiyama's defeat is a modification of the electoral scene for year 2000." If the government supports the new Lima mayor, he noted with irony, "Andrade will be a very successful mayor and his chances for year 2000 will increase," but, on the other hand, if the government holds back its support, Lima's citizens will likely blame the national government, not the mayor. Andrade's victory is seen by d'Ornellas as a message from the electorate to Fujimori not to give him "another blank check."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Conservative daily GESTION echoed the "blank-check" view in a 13 November editorial, calling the election results in Lima and Callao a "clear message to the president of the Republic." People, the daily wrote, recognize the merits of the president's leadership, but "appear unwilling to give him total power." Looking to the future, the editorial noted that after the demise of the traditional political parties in the congressional elections last April, "a new space is opening in which new political currents are forming," and that "Fujimorism" has become an "option in the medium and long term." The daily concluded that the fact that the candidates endorsed by the president did not win, indicates that for Fujimori's political endorsements to work, "greater institutionalization" of the Change 90-New Majority grouping would be required.

Daily Views Possible Executive Branch Reorganization

PY0712190495 Lima EXPRESO in Spanish 28 Nov 95 p A30

[Editorial: "Has the Reform of the Executive Branch Begun?"]

[FBIS Translated Text] The results of the 1996 Budget Law debate are positive. Now it seems the reform of the executive branch is about to begin.

First, the 1996 budget is smaller in real terms than the 1995 budget, which makes it more realistic. Finance Deputy Minister Alfredo Jalilie said the reason there is still no rational and integrated system for expenditures is that the overall income has always been overestimated. This will no longer be the case.

We hope expenditures will no longer be administered on a daily basis but rather in a planned manner that will allow public enterprises to fulfill goals and operate on the basis of objectives. This, in turn, requires a more free administrative system, similar to the entrepreneurial or private system, which should lead to a system by which budget allocations are made according to the results, as in the market. In sum, a budget that rewards efficiency.

However, all this implies radical changes in the administrative systems: a true deregulation and decentralization of decisionmaking power to institutions, (schools, health posts, police precincts etc.) accompanied by an efficient central supervision information system.

Fortunately, the law authorizes the executive branch to make, through legislative decrees, the necessary changes to modernize its organizational and administrative systems, and even to reduce the number of ministries and branches. This satisfies us because it is something for which EXPRESO has been striving. Thus, let us hope reform is underway.

The law itself establishes some basic changes in that direction: Schools and universities are authorized to use their own resources; the judicial branch and municipalities also use their own resources, to a great extent, to pay wages. Thus, it encourages initiative and thus allows the payment of better salaries. That is fine.

The judicial branch is allocated an additional 50 percent of its budget for reorganization and modernization purposes. In other words, the Budget Law already provides for the judicial reform. This was also the case in this years' budget but the reform was never carried out.

However, it is strange that the clause stating that Congress' Budget Committee should be informed about foreign indebtedness and the rescheduling of the foreign debt was eliminated. It seems as if the government does not want to have to explain the renegotiation of the Brady Plan, a fact that only awakens suspicions.

Uruguay

Japanese Entrepreneurs Note Investment Possibilities

PY0712192495 Madrid EFE in Spanish 1719 GMT 2 Dec 95

[FBIS Translated Text] Shinroku Morohashi, the leader of a delegation of 55 Japanese entrepreneurs who visited Uruguay, has emphasized that Uruguay can attract foreign investors. Morohashi noted that trade relations between Japan and Uruguay will soon be enhanced.

Morohashi is president of the multinational Mitsubishi company (automobile manufacturer) and vice president of the Japanese Chamber of Commerce and Industry.

The Japanese entrepreneurs ended a two-day visit to Montevideo on 1 December. The entrepreneurs met with Uruguayan President Julio Maria Sanguinetti during a special audience.

They also met with Economy and Finance Minister Luis Mosca; Federico Slinger, the industry, energy, and mines minister; and Ariel Davrieux, the Office of Planning and Budget director.

Shinroku Morohashi emphasized: "Uruguay has political stability; the economic laws are respected; the repatriation of capital is permitted at any time; and it is a market large enough to attract Japanese investors."

The Japanese entrepreneur emphasized the possibility of Uruguay's becoming "a gateway to the Common Market

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

of the South (Mercosur), which undoubtedly represents an extremely attractive feature."

Mercosur comprises Argentina, Brazil, Paraguay, and Uruguay, and involves a market of 200 million consumers. As a preliminary step for establishing a free trade zone, Mercosur implemented a customs union on 1 January.

The entrepreneurs emphasized the possibility of Uruguay's exporting rice, lumber, and meat to the Japanese market, if it meets Japanese requirements and customs.

Uruguay was recently declared free of hoof-and-mouth disease and does not require vaccinating its cattle. This paves the way for Uruguayan meat exports to markets with strict sanitary regulations, as the Japanese market.

The Japanese delegation — which comprised entrepreneurs from banking, naval, sophisticated technology, service, and food industry companies, among others — also visited Argentina and Chile.

Mexican Foreign Secretary Begins Visit

PY0712200895 Madrid EFE in Spanish 1834 GMT 4 Dec 95

[FBIS Translated Text] Montevideo, 4 Dec (EFE) — After meeting Mexican Foreign Relations Secretary Jose Angel Gurria Trevino, Uruguayan Chamber of Industries sources today emphasized Mexico's "full support" for its exporters "as a valid example" for Uruguay.

The Mexican foreign minister [title as received] today began an official two-day visit to Uruguay, seeking to enhance political, economic, commercial, and cultural relations.

Gurria will meet with President Julio Maria Sanguinetti, Foreign Minister Alvaro Ramos, Education and Culture Minister Samuel Lichtensztejn, Economy and Finance Minister Luis Mosca, and Montevideo Mayor Mariano Arana. Gurria will also visit Congress and the Latin American Integration Association (ALADI) headquarters.

During his first official duty, the Mexican foreign minister shared a working breakfast with executives from the Chamber of Industries, the Chamber of Commerce, the Exporters Union, and the Banking Association, among others.

During the meeting, which was described as "very productive" by the Uruguayan industrialists, Gurria reported on relations between his country and the Common Market of the South (Mercosur), and especially with Uruguay.

The Chamber of Industries sources emphasized: "Mexico has a clear-cut economic policy and, by pursuing a clear-cut course, it was able to withstand the crisis at the end of 1994 and the ensuing problems."

Chamber of Industries sources added that, within that policy, the role played by exporters "is fully supported" by Mexican authorities and exporters play "a very important role in the comeback."

Jose Angel Gurria Trevino said his country's trade totals $150 billion and the trade surplus totals $7 billion.

The Uruguayan sources noted that "the Mexican peso-dollar rate, which makes Mexican products competitive," is one of Mexico's "banners." The sources added: "This is one of the petitions Uruguayan industrialists and exporters have been making for a long time. Mexico's achievements could be an example for Uruguay."

The sources added that the way Mexico reduced its utility company costs; privatized its public enterprises, and thus reducing its fiscal deficit; and reduced its tax burden, which does not punish industrialists because it is imposed on income or property "could be valid examples for Uruguay."

Uruguayan exports to Mexico, especially milk products, textile products, and meat, totalled $46.5 million in 1994. There are good prospects for grain exports.

Uruguayan imports from Mexico, especially oil, chemicals, and transportation materials, totalled $38.3 million in 1994.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

— Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.

— Headlines and all bracketed explanatory notes are supplied by FBIS.

— Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.